

## CITY COUNCIL STAFF REPORT MEETING DATE:

#### ESTABLISH NEW CLASSIFICATION AND SALARY RANGE FOR NEW POSITION OF FACILITIES MAINTENANCE SPECIALIST

Agenda Item # 1	_
Prepared/Approved By:	
(Title)	
Submitted By:	
City Manager	

#### **RECOMMENDED ACTION(S):**

Adopt the attached new job description and salary range for the position of Facilities Maintenance Specialist.

#### **EXECUTIVE SUMMARY:**

This position is an integral part of the City's plan for the new Community and Cultural Center. It will play a key role in keeping the Center prepared and ready to meet the needs of the Center's many and varied events. This position will be responsible for the maintenance and repair of the Community Center buildings, furnishings and equipment. In addition, this position will work with Recreation personnel to coordinate appropriate facility staffing for events.

A study was conducted by the Human Resources Department to evaluate the duties of the proposed position and to determine an appropriate salary range. Staff is recommending a classification and salary range for the position of Facilities Maintenance Specialist as outlined in Attachments A and B.

Staff has met and conferred on this position with AFSCME, which represents this classification. AFSCME is supportive of the job description and salary range.

#### **FISCAL IMPACT:**

The salary range for the position of Facilities Maintenance Specialist is currently budgeted in the FY 2002-03 budget.

#### LIST OF ATTACHMENTS:

#### **ATTACHMENT A**

Proposed Classification Specification for Facilities Maintenance Specialist

#### ATTACHMENT B

Proposed Salary Range for Facilities Maintenance Specialist.



## CITY COUNCIL STAFF REPORT MEETING DATE: September 18, 2002

### CONTRACT FOR CONSULTANT PLANNING SERVICES RECOMMENDED ACTION:

Authorize the City Manager to execute a consultant services agreement for contract planning services at a cost not to exceed \$30,000.

#### **EXECUTIVE SUMMARY:**

Agenda Item # 2
Prepared By:

Planning Manager
Approved By:

Community
Development Director
Submitted By:

City Manager

The budget for FY 2002-2003 again includes funding for a new Senior Planner position. That position was added to undertake a number of important projects authorized by the Council, including the update of the Zoning and Subdivision Ordinance, update of the Downtown Plan and update of the Design Review Ordinance and Architectural Review Handbook. Our initial efforts to fill this position in the last fiscal year were unsuccessful. So as not to further delay the start of the above planning projects, the City retained the services of a contract planner to assist with processing of current development applications. This has allowed current staff, the Planning Manager, Senior Planner and Associate Planner to work on the above assignments. The contract planner was authorized to work a maximum of 20 hours per week.

On June 26, 2002, the City Council approved a contract with EMS, Environmental Management Solutions to provide contract planning services through September 30, 2002. The contract planner requested early cancellation of the contract with Morgan Hill in order to undertake a full time position with another agency. Staff is requesting that a new contract with another firm, Pacific Municipal Consultants, be approved to provide planning services to be extended through January 31, 2003. Human Resources has begun the recruitment process for the permanent senior planner position. We hope to have that position filled before the end of the calendar year. As with the previous contract, the cost of the contract planner will be paid from the unused salary for the Senior Planner position.

#### **FISCAL IMPACT:**

There would be no net effect on the budget by approval of this contract. Funding will come from the unused salary during the Senior Planner recruitment process.



## CITY COUNCIL STAFF REPORT MEETING DATE: September 18, 2002

## COMMUNITY AND CULTURAL CENTER PROJECT AUGUST CONSTRUCTION PROGRESS REPORT

**EXECUTIVE SUMMARY:** Previous Council action awarded the contract for

**RECOMMENDED ACTION(S):** *Information only.* 

working on selecting the furnishings for the building.

Agenda Item # 3
Prepared By:
Project Manager
Approved By:
Public Works Director
Submitted By:
City Manager

construction of the Community Center Project to DPR Construction, Inc. At that time, staff informed Council that we would report monthly on the progress of the construction. The progress report for the month of August is attached. This report has been sent to our webmaster for posting on the City's website. The project remains seven weeks behind schedule due to the various delays as previously discussed; however, DPR's production level has recently increased. Staff is becoming more confident that the project can be completed by the end of November, barring any additional unforseen problems (i.e. delays in deliveries or early inclement weather). As requested and approved last Council meeting, the project required additional funding to increase the project contingency. Staff has been

FISCAL IMPACT: None at this time.



#### CITY COUNCIL MEETING STAFF REPORT

**MEETING DATE: SEPTEMBER 18, 2002** 

TITLE: FINAL MAP ACCEPTANCE FOR CAPRIANO PHASE IV

(TRACT 9451)

#### **RECOMMENDED ACTION(S):**

- 1) Approve the final map, subdivision agreement and improvement plans
- 2) Authorize the City Manager to sign the Subdivision Improvement Agreement on behalf of the City
- 3) Authorize the recordation of the map and the Subdivision Improvement Agreement following recordation of the Development Improvement Agreement

**EXECUTIVE SUMMARY:** Tract 9451 is a 11 lot subdivision located at the intersection of Dougherty Avenue and Curry Avenue (see attached location map). The developer has completed all the conditions specified by the Planning Commission in the approval of the Tentative Map on July 30, 2002.

The developer has furnished the City with the necessary documents to complete the processing of the Final Map and has made provision with a Title Company to provide the City with the required fees, insurance and bonds prior to recordation of the Final Map.

**FISCAL IMPACT:** Development review for this project is from development processing fees.

Agenda Item # 4
Prepared By:

Senior Engineer
Approved By:

Public Works Director

City Manager

**Submitted By:** 



## CITY COUNCIL STAFF REPORT MEETING DATE: September 18, 2002

## ACKNOWLEDGMENT OF NO BIDS FOR PUBLIC WORKS OFFICE EXPANSION PROJECT

**RECOMMENDED ACTION:** Acknowledge that no bids were received and authorize staff to negotiate purchase orders with qualified sub-contractors with help from our Building Maintenance Division to perform the work per Public Contract Code Section 20166.

Agenda Item # 5
Prepared By:
Junior Engineer
Approved By:
Public Works Director Submitted By:
City Manager

#### **EXECUTIVE SUMMARY:**

This project is for a 450 square foot (45' x 10') wood frame addition to the existing Public Works Administration building located at 100 Edes Court including demolition, foundation, framing, electrical, utilities, fire protection, roofing, HVAC for the entire building (design/build new system), finishing, painting, concrete flat work, and new carpeting. A total of approximately \$150,000 is budgeted for this work in our current year budget.

The bid opening was held on September 10, 2002 and no bids were received.

Per Public Contract Code Section 20166, "In its discretion, the legislative body may reject any bids presented and readvertise. If two or more bids are the same and the lowest, the legislative body may accept the one it chooses. If no bids are received, the legislative body may have the project done without further complying with this chapter." Therefore, staff recommends that we be directed to negociate with qualified sub-contractors to complete the work.

**FISCAL IMPACT:** The project is funded in our CIP, Corporation Yard Expansion/Relocation, project #205093.



## CITY COUNCIL STAFF REPORT MEETING DATE: September 18, 2002

## AMEND CONSULTANT AGREEMENT WITH RMW ARCHITECTS FOR DESIGN OF PUBLIC WORKS OFFICE EXPANSION PROJECT

**RECOMMENDED ACTION(S):** Amend Consultant Agreement with RMW Architects for Design of the Public Works Office Expansion Project subject to City Attorney approval.

Agenda Item # 6
Prepared By:
Project Manager Approved By:
Public Works Director
Submitted By:
City Manager

EXECUTIVE SUMMARY: On June 20, 2001 Council authorized a Professional Services agreement with RMW Architects for design of our Public Works Office Expansion project. After RMW completed their schematic design, staff and the consultant met with our Chief Building Official. At that time, it was determined that an accessibility study would be required. This was necessary to prioritize the improvements required to conform with the ADA (Americans with Disabilities Act). They subsequently completed the construction documents and staff submitted for building permit. At that review, the Planning Department made some recommendations regarding the roof design. Staff also requested some additional windows be incorporated into the design. RMW completed those changes and the plans were subsequently approved for building permit.

It is necessary to amend the agreement for the additional services described above and shown on the attached proposal. The original contract amount was not to exceed \$51,300. The total for the additional services is \$5,960. The new contract not to exceed amount will be \$57,260. Due to delays on the City's part, it will also be necessary to extend the duration of the contract to pay for these additional services. The original agreement expired on June 21, 2002. We are recommending extending this date by four months until October 21, 2002.

**FISCAL IMPACT:** Funding exists in the current year budget under CIP #205093-Corporation Yard Expansion. No additional funding is required at this time.



#### CITY COUNCIL STAFF REPORT

MEETING DATE: September 18, 2002

## ACCEPT AS COMPLETE THE MADRONE AVENUE UNDERPASS SEISMIC RETROFIT PROJECT

# Agenda Item # 7 Prepared By: Deputy Director of PW Approved By: Public Works Director Submitted By: City Manager

#### **RECOMMENDED ACTION:**

- 1. Accept as complete the construction of the Madrone Avenue Underpass Retrofit Project in the final contract amount of \$48,161.56.
- 2. Direct the City Clerk to file the attached Notice of Completion with the County Recorder's office.

**EXECUTIVE SUMMARY:** The Madrone Avenue Underpass Seismic Retrofit Project has provided seismic strengthening of the underpass structure. The plans and specifications were prepared by a consultant, Mark Thomas & Co., Inc., hired by Caltrans as part of a state-wide seismic retrofit project. This bridge supports the railroad over Monterey Road approximately 1500 feet south of Cochrane Road. This structure became the maintenance responsibility of the City upon completion of the South Valley Freeway in the 1980's.

The City was awarded a federal grant, administered by Caltrans, to pay for the seismic retrofit construction, including support services. The firm of Harris & Associates was contracted to provide the construction management and support services

At the April 21, 1999 Council Meeting an award of contract was made to Cunningham & Sons. Construction was delayed by lengthy coordination with Union Pacific Railroad and a redesign of the shear keys required by Union Pacific Railroad. These changes also required additional support services and increased costs. However, the efforts of Harris and City staff were successful in keeping the total project cost of \$62,745.20 within the reimbursement limits.

The work is now complete. After Council approval, and the payment of the current invoices, a submittal will be made to Caltrans for full reimbursement.

**FISCAL IMPACT:** The total contract cost is \$48,161.56 which will be reimbursed by Caltrans.

Record at the request of and when recorded mail to:

CITY OF MORGAN HILL CITY CLERK 17555 Peak Avenue Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

## NOTICE OF COMPLETION CITY OF MORGAN HILL MADRONE AVENUE UNDERPASS SEISMIC RETROFIT PROJECT

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, on April 6, 1999 did file with the City Clerk of said City, the contract for performing work which was heretofore awarded to Cunningham & Sons on April 21, 1999, in accordance with the plans and specifications for said work filed with the City Clerk and approved by the City Council of said City.

That said improvements were substantially completed on July 26, 2002, accepted by the City Counce September 18, 2002, and that the name of the surety on the contractor's bond for labor and materials said project is	
That said improvements consisted of the construction and installation of all items of work provided done in said contract, all as more particularly described in the plans and specifications therefor appreby the City Council of said City.	
Name and address of Owner: City of Morgan Hill 17555 Peak Avenue Morgan Hill, California	
Dated: September 18, 2002	
Jim Ashcraft, Director of Public Works  I certify under penalty of perjury that the foregoing is true and correct.	
Irma Torrez, City Clerk City of Morgan Hill, CA Date:	



#### CITY COUNCIL MEETING STAFF REPORT

**MEETING DATE: SEPTEMBER 18, 2002** 

TITLE: ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR

TRACT 9210, MISSION RANCH PH.IV

#### **RECOMMENDED ACTION(S):**

- 1. Adopt the attached resolution accepting the subdivision improvements included in Tract 9210, commonly known as Mission Ranch Ph.IV.
- 2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

Agenda Item # 8

Prepared By:

**Senior Engineer** 

Approved By:

**Public Works Director** 

**Submitted By:** 

City Manager

**EXECUTIVE SUMMARY:** This 27 lot subdivision is located on the southeast corner of the Cochrane Road and Mission View Drive (see attached location map). The subdivision improvements have been completed in accordance with the requirements of the Subdivision Improvement Agreement between the City of Morgan Hill and Mission Ranch LLC, by Dividend Homes, Inc., dated July 27, 2001 and as specifically set forth in the plans and specifications approved by the City.

The streets to be accepted are:

Street Name	Street Length		
San Antonio Drive	0.07 miles		
Avenida De Los Padres	0.11 miles		
Serra Avenida	0.10 miles		

**FISCAL IMPACT:** Staff time for this project was paid for by development fees.

#### **RESOLUTION NO. 5615**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ACCEPTING THE SUBDIVISION IMPROVEMENTS FOR TRACT 9210, MISSION RANCH PHASE IV.

**WHEREAS**, the owner of Tract 9210, designated as Mission Ranch Phase IV, entered into a Subdivision Improvement Agreement on July 27, 2001: and

**WHEREAS,** Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

**NOW, THEREFORE,** BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

- 1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
- 2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of July 27, 2001.
- 3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
- 4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the 18<sup>th</sup> Day of September, 2002 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

#### **EXECUTIFICATION**

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. 5615, adopted by the City Council at the Regular Meeting on September 18, 2002.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk

Record at the request of and when recorded mail to:

CITY OF MORGAN HILL CITY CLERK 17555 Peak Avenue Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

#### NOTICE OF COMPLETION

#### CITY OF MORGAN HILL

#### TRACT 9210, MISSION RANCH PH. IV.

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on August 10, 2002, by Mission Ranch LLC General Partner, the subdivider of record and accepted by the City Council on September 18, 2002. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is Developers Surety and Indemnity Company.

Name and addr	ess of Owner: City of Morg	
	Morgan Hil	l, California
Dated:	, 2002.	
		Jim Ashcraft, Director of Public Works
	I certify under penal	ty of perjury that the foregoing is true and correct.
	Irm	a Torrez, City Clerk
	City	y of Morgan Hill, CA
	Dat	e:



## CITY COUNCIL STAFF REPORT MEETING DATE: September 18, 2002

#### **AUGUST 2002 FINANCE & INVESTMENT REPORT**

Agenda Item # 9
Prepared By:
Finance Director
Submitted By:
City Manager

#### **RECOMMENDED ACTION:**

Accept and File Report

#### **EXECUTIVE SUMMARY:**

Attached is the monthly Finance and Investment Report for the period ended August 31, 2002. The report covers the first two months of activity for the 2002/2003 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented



#### CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2002/03 FOR THE MONTH OF AUGUST 2002 - 17% OF YEAR COMPLETE

This analysis of the status of the City's financial situation reflects 17% of the year. However, this analysis is somewhat limited. Many of the City's current year revenues have not been received as of this time of the year, such as property taxes, transient occupancy taxes and franchise fees. The beginning of a fiscal year normally reflects a surge in purchasing. This is due to the start of projects included in the new budget and to the season to take advantage of good weather for construction projects.

General Fund - The revenues received in the General Fund are approximately 11% of the budgeted revenues. The amount of Sales Tax collected is 15% of the sales tax revenue budget and is 7% less than at this time last year. Business license and other permit collections are 62% of the budgeted amount. This is due to the amount of business license renewals collected in June and July. Motor Vehicle-in-Lieu revenues are 18% of the budgeted amounts, up 9% compared to last year. Interest & Other Revenue are less than 1% of budget because interest earnings are not posted until the end of the first quarter.

The General Fund expenditures and encumbrances to date total 15% of the budgeted appropriations. The outstanding encumbrances in several activities are encumbrances for projects started but not completed in the last fiscal year; these projects and the related encumbrances are carried forward from the prior fiscal year.

**Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. Currently we have received \$0 revenue for the 2002/03 fiscal year. These revenues are collected quarterly. The fourth quarter of 2001/02 revenues were received in July and reported as revenue in the prior year. The first quarter revenues for 2002/03 will be received in October.

**Community Development** - Revenues are 16% of budget, which is 11% less than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances are 37% of budget, Building has expended or encumbered 22% of budget and Engineering, 27%. Community Development has expended or encumbered a combined total of 29% of the 2002/03 budget, due primarily to encumbrances carried over from the prior year.

**RDA and Housing -** Property tax increment revenues of \$37,721 have been received as of August 31. Redevelopment expenditures plus encumbrances for Business Assistance, Administration and Housing are 46% of budget, due primarily to contract encumbrances carried over from the prior year.

Water and Sewer Operations- Water Operations revenues, including service fees, are 22% of budget. Expenditures total 19% of appropriations. Sewer Operations revenues, including service fees, are 16% of budget. Expenditures for sewer operations are 30% of budget. This higher percentage results from a principal and interest payment on debt service paid in July.

**Investments maturing/called/sold during this period.** - During the month of August, \$2 million in federal agency investments were called and \$6 million was re-invested in new federal agency investments. Further details of all City investments are contained on pages 6-8 of this report.

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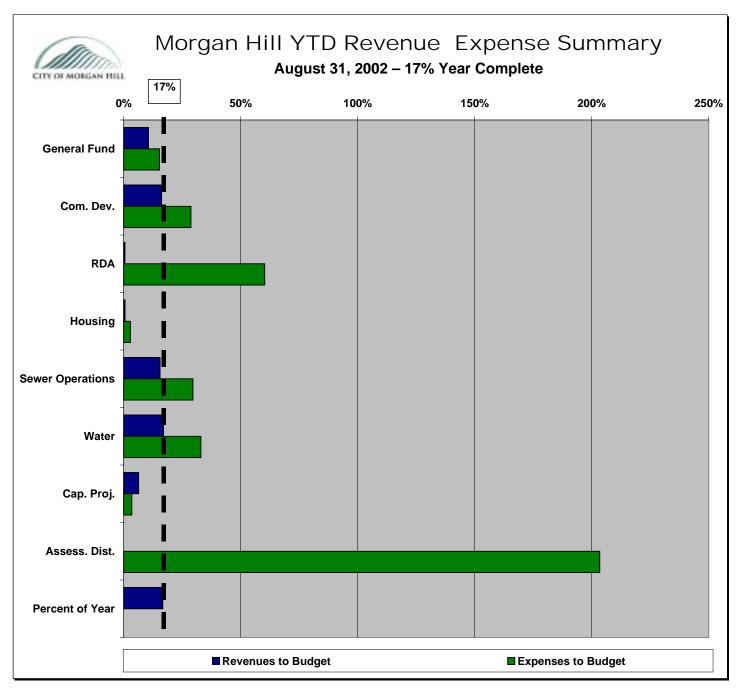
# CITY OF MORGAN HILL Monthly Financial and Investment Reports

August 31, 2002 - 17% Year Complete



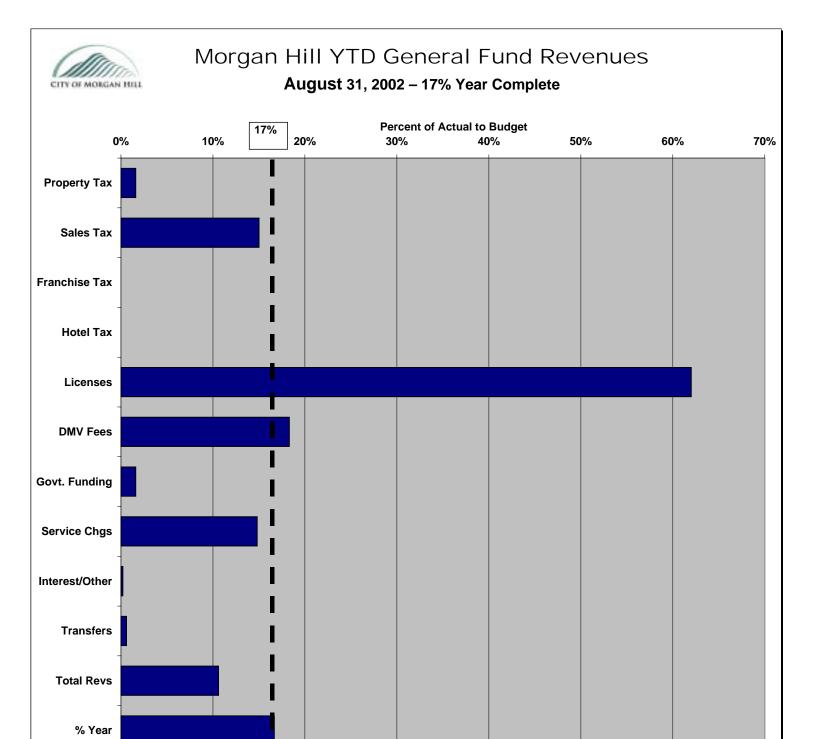
Prepared by:

FINANCE DEPARTMENT



	REVENUES EXPENSES		8/31/02		
		% OF		% OF	UNRESTRICTED
FUND NAME	ACTUAL	BUDGET	ACTUAL	BUDGET	<b>FUND BALANCE</b>
General Fund	\$1,716,279	11%	\$2,315,356	15%	\$10,109,934
Community Development	342,226	16%	412,094	29%	1,172,487
RDA	67,186	1%	4,614,440	60%	8,535,300
Housing/CDBG	20,465	1%	186,138	3%	3,415,363
Sewer Operations	899,982	16%	1,945,156	30%	3,657,172
Sewer Other	101,783	7%	17,518	0%	12,102,488
Water	1,455,370	17%	983,576	33%	7,856,340
Other Special Revenues 1	179,336	16%	51,227	2%	3,667,338
Capital Projects & Streets Funds	380,473	6%	310,135	3%	20,938,728
Debt Service Funds		n/a	369,940	203%	369,852
Internal Service	579,816	14%	551,986	28%	4,000,994
Agency		n/a	1,768,086	59%	4,090,826
TOTAL FOR ALL FUNDS	\$5,742,916	9%	\$13,525,652	32%	\$79,916,822

<sup>&</sup>lt;sup>1</sup> Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds

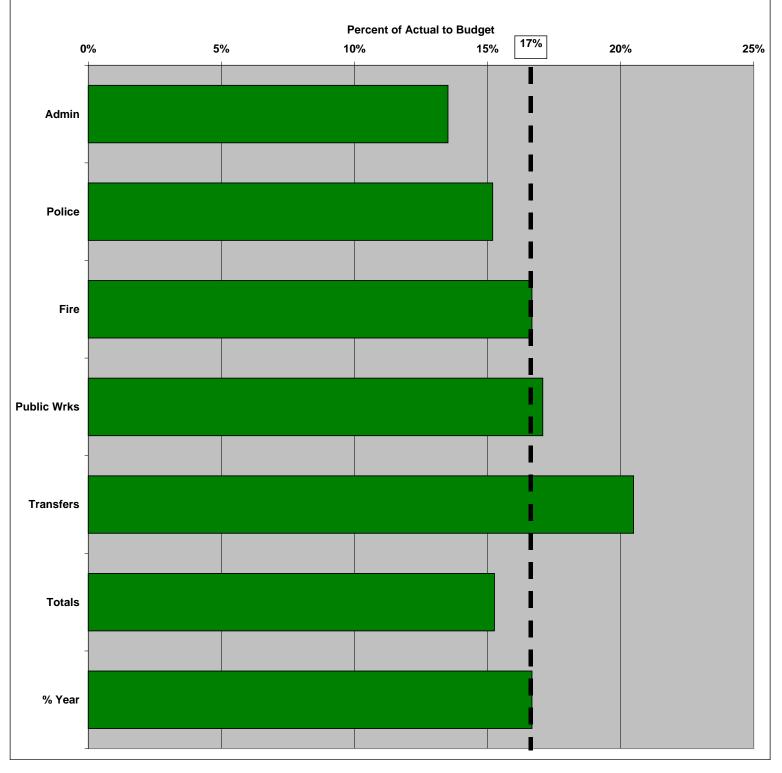


			% OF	PRIOR YEAR	% CHANGE FROM
REVENUE CATEGORY	BUDGET	ACTUAL	BUDGET	TO DATE	PRIOR YEAR
PROPERTY RELATED TAXES	\$2,228,000	\$34,740	2%	\$30,073	
SALES TAXES	\$5,618,400	\$842,552	15%	\$907,104	-7%
FRANCHISE FEE	\$965,000				
HOTEL TAX	\$892,000				
LICENSES/PERMITS	\$209,450	\$129,860	62%	\$128,004	1%
MOTOR VEHICLE IN LIEU	\$1,965,000	\$360,535	18%	\$329,567	9%
FUNDING - OTHER GOVERNMENTS	\$228,300	\$3,598	2%	\$9,384	-62%
CHARGES CURRENT SERVICES	\$2,275,326	\$337,117	15%	\$280,547	20%
INTEREST & OTHER REVENUE	\$939,600	\$2,043	0%	\$15,380	-87%
TRANSFERS IN	\$925,332	\$5,834	1%	\$5,333	9%
TOTALS	\$16,246,408	\$1,716,279	11%	\$1,705,392	1%



#### Morgan Hill YTD General Fund Expenditures

#### **August 31, 2002 – 17% Year Complete**



		Acti	ual Plus	
<b>Expenditure Category</b>	Budget	Encui	mbrances	% of Budget
ADMINISTRATION	5,150,580		695,939	14%
POLICE	6,370,970		967,839	15%
FIRE	3,623,938		603,990	17%
PUBLIC WORKS	826,483		141,115	17%
TRANSFERS OUT	537,000		110,000	20%
TOTALS	\$ 16,508,971	\$	2,518,883	15%



		Unaudited	Revenues		Expenses		Year to-Date	Ending Fur	nd Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-02	Actual	Budget	Actual	Budget	Carryover	Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted <sup>2</sup>
010	GENERAL FUND	\$10,912,538	\$1,716,279	11%	\$2,315,356	15%	(\$599,077)	\$203,527	\$10,109,934	\$10,203,412	\$4,050
TOTAL G	ENERAL FUND	<u>\$10,912,538</u>	<u>\$1,716,279</u>	<u>11%</u>	<u>\$2,315,356</u>	<u>15%</u>	<u>(\$599,077)</u>	<u>\$203,527</u>	<u>\$10,109,934</u>	<u>\$10,203,412</u>	<u>\$4,050</u>
202	STREET MAINTENANCE	\$1,628,650	\$100,242	6%	\$226,745	32%	(\$126,503)	\$389,469	\$1,112,678	\$1,404,439	\$10,794
204/205	PUBLIC SAFETY/SUPPL. LAW	\$965,388	<del>*</del> 1 • • • , = 1 =	n/a	\$90	14%	(\$90)	<b>¥</b> 000, 100	\$965,298	\$963,895	¥ : 5,1: 5 :
206	COMMUNITY DEVELOPMENT	\$1,780,241	\$342,226	16%	\$412,094	29%	(\$69,868)	\$537,886	\$1,172,487	\$1,775,046	
207	GENERAL PLAN UPDATE	\$110,802	\$18,910	17%	\$1,612	9%	\$17,298	\$13,493	\$114,607	\$128,261	
210	COMMUNITY CENTER	\$754,628	\$100,000	84%			\$100,000		\$854,628	\$854,628	
215 / 216	CDBG	\$526,540	\$115	0%		5%	\$115	\$444,455	\$82,200	\$249,906	
220	MUSEUM RENTAL	\$3,466	·	n/a	\$352	11%	(\$352)		\$3,114	\$3,114	
225	ASSET SEIZURE	\$56,567		n/a	,	59%	(, ,	\$20,000	\$36,567	\$56,567	
226	OES/FEMA			n/a							
229	LIGHTING AND LANDSCAPE	\$64,231		n/a	\$14,099	49%	(\$14,099)	\$53,257	(\$3,125)	\$50,428	
232	ENVIRONMENT PROGRAMS	\$463,757	\$20,426	5%	\$34,818	45%	(\$14,392)	\$106,807	\$342,558	\$451,681	
234	MOBILE HOME PK RENT STAB.	\$53,314		n/a	\$256	0%	(\$256)		\$53,058	\$53,058	
235	SENIOR HOUSING	\$232,123		n/a		0%	,		\$232,123	\$236,123	
236	HOUSING IN LIEU	\$1,028,510		n/a		0%			\$1,028,510	\$1,028,510	
240	EMPLOYEE ASSISTANCE		\$40,000	50%		n/a	\$40,000		\$40,000	\$40,000	
TOTAL S	PECIAL REVENUE FUNDS	<u>\$7,668,217</u>	<u>\$621,919</u>	<u>12%</u>	<u>\$690,066</u>	<u>23%</u>	<u>(\$68,147)</u>	<u>\$1,565,367</u>	<u>\$6,034,703</u>	<u>\$7,295,656</u>	<u>\$10,794</u>
301	PARK DEV. IMPACT FUND	\$2,930,917	\$76,235	7%	\$30,293	2%	\$45,942	\$37,993	\$2,938,866	<b>[</b>	\$2,976,859
302	PARK MAINTENANCE	\$2,732,485	\$789	1%	<del>400,200</del>	3%	\$789	\$5,422	\$2,727,852	\$2,733,274	Ψ2,0: 0,000
303	LOCAL DRAINAGE	\$2,534,182	\$17,688	6%	\$265	0%	\$17,423	ψ0, :22	\$2,551,605	ψ=,: σσ,=: :	\$2,551,605
304	LOCAL DRAINAGE/NON-AB1600	\$2,977,826	\$18,000	13%	\$288	48%	\$17,712	\$78,037	\$2,917,501	\$2,835,538	<del>+-,</del>
305	OFF-STREET PARKING	\$3,886	<b>4</b> 10,000	n/a	<del></del>		<b>*</b> · · · , · · =	<b>V</b> : 0,00:	\$3.886	\$3,886	
306	OPEN SPACE	\$194,803		n/a				\$39,080	\$155,723	\$194,803	
309	TRAFFIC IMPACT FUND	\$2,868,505	\$101,221	9%	\$36,763	524%	\$64,458	\$925,152	\$2,007,811	, ,	\$2,924,320
311	POLICE IMPACT FUND	\$1,170,140	\$5,982	9%	\$1,024	4%	\$4,958	\$39,080	\$1,136,018		\$1,175,098
313	FIRE IMPACT FUND	\$2,514,257	\$25,690	15%	\$238	17%	\$25,452		\$2,539,709		\$2,539,709
317	REDEVELOPMENT AGENCY	\$21,896,896	\$67,186	1%	\$4,614,440	60%	(\$4,547,254)	8,814,343	\$8,535,300	\$15,596,493	
327 / 328	HOUSING	\$15,779,454	\$20,350	1%	\$186,138	4%	(\$165,788)	12,280,503	\$3,333,163	\$3,432,616	
340	MORGAN HILL BUS.RANCH I	\$46,679		n/a		n/a	,		\$46,679	\$46,679	
342	MORGAN HILL BUS.RANCH II	\$52,423		n/a					\$52,423	\$52,423	
346	PUBLIC FACILITIES NON-AB1600	\$1,033,867	\$18,000	7%			\$18,000		\$1,051,867	\$1,051,867	
347	PUBLIC FACILITIES IMPACT FUND	\$1,008,347	\$9,803	7%	\$14,417	1636%	(\$4,614)	\$908,332	\$95,401		\$967,063
348	LIBRARY IMPACT FUND	\$368,112	\$6,823	19%	\$35	17%	\$6,788		\$374,900		\$374,900
350	UNDERGROUNDING	\$1,225,876		n/a	\$67	0%	(\$67)		\$1,225,809	\$1,225,809	
TOTAL C	APITAL PROJECT FUNDS	<u>\$59,338,655</u>	<u>\$367,767</u>	<u>2%</u>	<u>\$4,883,968</u>	<u>43%</u>	<u>(\$4,516,201)</u>	<u>\$23,127,942</u>	<u>\$31,694,513</u>	<u>\$27,173,388</u>	<u>\$13,509,554</u>
527	HIDDEN CREEK	1		n/a		1	Т			П	
533	DUNNE/CONDIT			n/a							
536	ENCINO HILLS	\$65,771		n/a		n/a			\$65,771	\$65,770	
539	MORGAN HILL BUS. PARK	\$11,486		n/a		n/a			\$11,486	\$11,486	
542	SUTTER BUSINESS PARK	\$24,079		n/a		n/a			\$24,079	\$24,079	
545	COCHRANE BUSINESS PARK	\$606,826		n/a	\$368,632	265%	(\$368,632)		\$238,194	\$57,244	\$180,950
551	JOLEEN WAY	\$31,630		n/a	\$1,308	3%	(\$1,308)		\$30,322	\$13,072	\$17,250
	EBT SERVICE FUNDS	\$739,792		n/a	\$369,940	203%	(\$369,940)		\$369,852	\$171,651	\$198,200

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		Unaudited	Revenues		Expenses		Year to-Date	Ending Fund Balance		Cash and Ir	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-02	Actual	Budget	Actual	Budget	Carryover	Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted <sup>2</sup>
640	SEWER OPERATIONS	\$18,559,841	\$899,982	16%	\$1,945,156	\$0	(\$1,045,174)	\$13,857,495	\$3,657,172	\$4,196,580	\$2,079,606
641	SEWER IMPACT FUND	\$6,987,091	\$101,783	8%	\$646	0%	\$101,137	1,221,406	\$5,866,822		\$6,071,065
642	SEWER RATE STABILIZATION	\$3,469,485		n/a	\$365	17%	(\$365)		\$3,469,120	\$3,469,120	
643	SEWER-CAPITAL PROJECTS	\$8,903,617		n/a	\$16,507	42%	(\$16,507)	\$6,120,564	\$2,766,546	\$3,516,571	
650	WATER OPERATIONS	\$25,436,649	\$1,433,647	22%	\$729,494		\$704,153	\$20,979,938	\$5,160,864	\$5,077,973	\$390,888
651	WATER IMPACT FUND	\$2,068,723	\$21,723	3%	\$12,509	110%	\$9,214	\$2,253,446	(\$175,510)		\$799,580
652	WATER RATE STABILIZATION	\$838,989		n/a	\$85	17%	(\$85)		\$838,904	\$838,904	
653	WATER -CAPITAL PROJECT	\$5,881,067		n/a	\$241,488	88%	(\$241,488)	\$3,607,497	\$2,032,082	\$2,503,064	
TOTAL E	NTERPRISE FUNDS	<u>\$72,145,462</u>	<u>\$2,457,135</u>	<u>15%</u>	<u>\$2,946,250</u>	<u>27%</u>	<u>(\$489,115)</u>	<u>\$48,040,346</u>	<u>\$23,616,000</u>	<u>\$19,602,212</u>	<u>\$9,341,139</u>
700	DATA DDOOFGGGAG	ф=70 00= I	#00 F0 t	470/	M447 F70 1	500/	(ME 4 0.45)	#000 400 T	Ф000 440	Ф440 400 <sup>II</sup>	1
730	DATA PROCESSING	\$570,905	\$63,531	17%	\$117,576	50%	(\$54,045)	\$280,420	\$236,440	\$412,400	
740	BUILDING MAINTENANCE	\$307,448	\$139,554	17%	\$76,034	19%	\$63,520	\$41,291	\$329,677	\$382,138	
745	CIP ADMINISTRATION	\$75,553	\$161,768	12%	\$161,768	22%		\$127,954	(\$52,401)	\$116,945	
760	UNEMPLOYMENT INS.	\$76,759	<b>#00.700</b>	n/a	<b>#</b> 400.004	n/a	(0.400.044)	0.47.075	\$76,759	\$76,759	<b>#</b> 00.000
770	WORKER'S COMP.	\$81,379	\$69,720	17%	\$190,661	49%	(\$120,941)	\$47,975	(\$87,537)	\$594,976	\$30,000
790	EQUIPMENT REPLACEMENT	\$3,325,553	\$82,924	16%	\$357	7%	\$82,567	\$943,257	\$2,464,863	\$2,460,141	
793	CORPORATION YARD	\$419,373	<b>#00.040</b>	n/a	\$5,590	50%	(\$5,590)	\$346,028	\$67,755	\$69,904	
795	GEN'L LIABILITY INS.	\$903,119	\$62,319	16%		n/a	\$62,319		\$965,438	\$1,284,572	
TOTAL II	NTERNAL SERVICE FUNDS	<u>\$5,760,089</u>	<u>\$579,816</u>	<u>14%</u>	<u>\$551,986</u>	<u>28%</u>	<u>\$27,830</u>		<u>\$4,000,994</u>	<u>\$5,397,835</u>	<u>\$30,000</u>
820	SPECIAL DEPOSITS				I		T			\$715,295	
841	M.H. BUS.RANCH A.D.	\$1,620,366		n/a	\$504,262	69%	(\$504,262)		\$1,116,104	\$537,778	\$578,325
842	M.H. BUS. RANCH II A.D.	\$270,574		n/a	\$102,989	114%	(\$102,989)		\$167,585	\$107,661	\$59,513
843	M.H. BUS. RANCH 1998	\$1,684,470		n/a	\$575,702	65%	(\$575,702)		\$1,108,768	\$225,953	\$883,258
845	MADRONE BP-TAX EXEMPT	\$1,695,229		.,,	\$489,995	45%	(\$489,995)		\$1,205,234	\$122,437	\$1,073,596
846	MADRONE BP-TAXABLE	\$248,746		n/a	\$94,885	52%	(\$94,885)		\$153,860	ψ: <u>22</u> ,:0:	\$161,551
848	TENNANT AVE.BUS.PK A.D.	\$319,288		n/a	\$253	n/a	(\$253)		\$319,035	\$319,035	ψ101,001
881	POLICE DONATION TRUST FUND	\$20,240		n/a	<b>7</b> -55	n/a	(4-2-3)		\$20,240	<b>***</b>	\$20,240
TOTAL A	GENCY FUNDS	<u>\$5,858,913</u>		<u>n/a</u>	<u>\$1,768,086</u>	<u>59%</u>	<u>(\$1,768,086)</u>		\$4,090,826	<u>\$2,028,159</u>	<u>\$2,776,483</u>
CLIMMAA	DV DV ELIND TVDE										
SUMMAR	RY BY FUND TYPE	<u> </u>	<u> </u>	1	<u> </u>		/ <del>*</del> -				<u> </u>
	GENERAL FUND GROUP	\$10,912,538	\$1,716,279	11%	\$2,315,356	15%	(\$599,077)	\$203,527	\$10,109,934	\$10,203,412	\$4,050
	SPECIAL REVENUE GROUP	\$7,668,217	\$621,919	12%	\$690,066	23%	(\$68,147)	\$1,565,367	\$6,034,703	\$7,295,656	\$10,794
	DEBT SERVICE GROUP	\$739,792	<b>A</b> C	n/a	\$369,940	203%	(\$369,940)	000 15- 515	\$369,852	\$171,651	\$198,200
	CAPITAL PROJECTS GROUP	\$59,338,655	\$367,767	2%	\$4,883,968	43%	(\$4,516,201)	\$23,127,942	\$31,694,513	\$27,173,390	\$13,509,553
	ENTERPRISE GROUP	\$72,145,462	\$2,457,135	15%	\$2,946,250	27%	(\$489,115)	\$48,040,346	\$23,616,000	\$19,602,212	\$9,341,139
	INTERNAL SERVICE GROUP	\$5,760,089	\$579,816	14%	\$551,986	28%	\$27,830		\$4,000,994	\$5,397,835	\$30,000
	AGENCY GROUP	\$5,858,913		n/a	\$1,768,086	59%	(\$1,768,086)		\$4,090,826	\$2,028,159	\$2,776,484
	TOTAL ALL GROUPS	<u>\$162,423,666</u>	<u>\$5,742,916</u>	<u>9%</u>	<u>\$13,525,652</u>	<u>32%</u>	<u>(\$7,782,736)</u>	<u>\$72,937,182</u>	<u>\$79,916,822</u>	<u>\$71,872,315</u>	<u>\$25,870,220</u>
	TOTAL CASH AND INVESTMENTS									<u>\$97,742,535</u>	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

<sup>&</sup>lt;sup>1</sup> Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

<sup>&</sup>lt;sup>2</sup> Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



#### CITY OF MORGAN HILL CASH AND INVESTMENT REPORT

FOR THE MONTH OF AUGUST 2002 FOR THE FISCAL YEAR OF 2002-03

	Invested		Book Value	Investment Category	% of	Market
	in Fund	Yield	End of Month	Subtotal at Cost	Total	Value
<u>Investments</u>		•		<u>.</u>		
State Treasurer LAIF - City	All Funds Pooled	2.59%	\$27,431,215		28.06%	\$27,507,478
- RDA	RDA	2.59%	\$20,644,542		21.12%	\$20,701,936
- Corp Yard	Corp Yard	2.59%	\$50,493		0.05%	\$50,633
Federal Issues	All Funds Pooled	4.83%	\$43,500,000		44.52%	\$43,911,720
Money Market	All Funds Pooled	1.28%	\$1,456	\$91,627,706	0.00%	\$1,456
Bond Reserve Accounts - held by trustees						
BNY - 1992 SCRWA Bonds						
Fidelity US Trsy (Cash Mgmt Acct)	Sewer	1.51%	\$509		0.00%	\$375 *
U.S. Treasury Bonds (matures 11/15/21)	Sewer	8.00%	\$2,014,097		2.06%	\$2,299,188 *
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	1.50%	\$390,888		0.40%	\$390,888 *
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	1.50%	\$883,258		0.90%	\$883,258 *
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.50%	\$1,073,596		1.10%	\$1,073,596 *
US Bank - Madrone Bus Park Taxable	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.50%	\$161,551	\$4,523,900	0.17%	\$161,551 *
Checking Accounts						
General Checking	All Funds		\$1,450,000		1.48%	\$1,450,000
Dreyfuss Treas Cash Management Account	All Funds	0.66%	\$106,880		0.11%	\$106,880
Abag Workers' Comp	Workers' Comp		\$10,000		0.01%	\$10,000
Athens Administators Workers' Comp	Workers' Comp		\$20,000		0.02%	\$20,000
Petty Cash & Emergency Cash	Various Funds	=	\$4,050	\$1,590,930	0.00%	\$4,050
Total Cash and Investments			<u>\$97,742,535</u>	<u>\$97,742,535</u>	<u>100.00%</u>	<u>\$98,573,009</u>

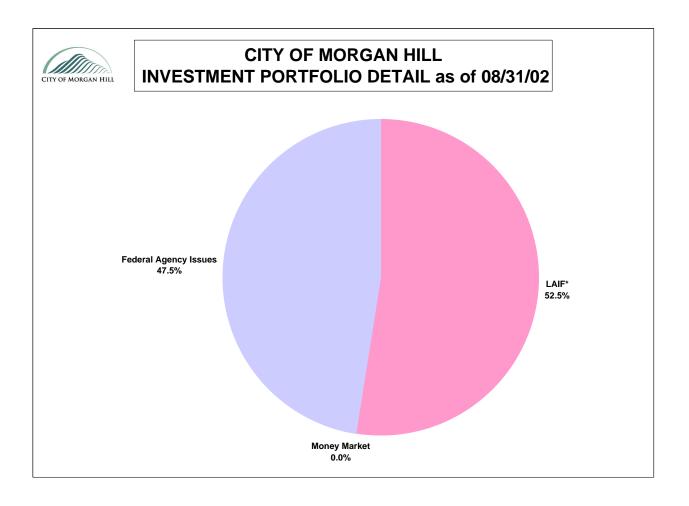
		FY 02/03			
	07/01/02	Change in	08/31/02		
Fund Type	Balance	Cash Balance	Balance	Restricted	Unrestricted
General Fund	\$10,967,649	(\$760,187)	\$10,207,462	\$4,050	\$10,203,412
Community Development	\$1,906,749	(\$131,703)	\$1,775,046	\$0	\$1,775,046
RDA (except Housing)	\$21,915,949	(\$6,319,456)	\$15,596,493	\$0	\$15,596,493
Housing / CDBG	\$4,286,337	(\$603,814)	\$3,682,523	\$0	\$3,682,523
Water	\$9,484,117	\$126,293	\$9,610,410	\$1,190,468	\$8,419,942
Sewer - Operations	\$7,231,312	(\$955,126)	\$6,276,186	\$2,079,606	\$4,196,580
Sewer Other	\$13,170,015	(\$113,260)	\$13,056,755	\$6,071,065	\$6,985,690
Other Special Revenue	\$3,701,985	\$164,279	\$3,866,264	\$0	\$3,866,264
Streets and Capital Projects (except RDA)	\$23,018,871	\$50,196	\$23,069,067	\$13,520,347	\$9,548,720
Assessment Districts	\$736,561	(\$366,710)	\$369,851	\$198,200	\$171,651
Internal Service	\$5,546,792	(\$118,957)	\$5,427,835	\$30,000	\$5,397,835
Agency Funds	<u>\$6,417,886</u>	(\$1,613,243)	\$4,804,643	\$2,776,484	\$2,028,159
Total	\$108.384.223	(\$10.641.688)	\$97.742.53 <u>5</u>	\$25.870.220	\$71.872.31 <u>5</u>

CASH ACTIVITY SUMMARY

Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports. \*Market Value as of 07/31/02

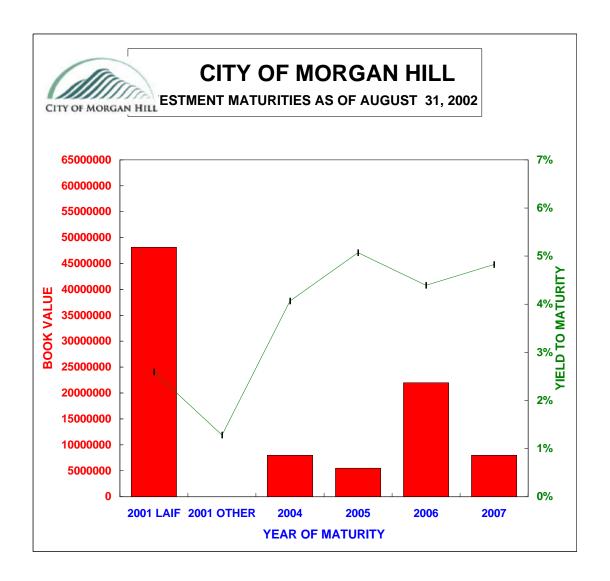
I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by:		Approved by:		
	Lourdes Reroma		Jack Dilles	
	Accountant I		Director of Finance	
/erified by:				
	Tina Reza		Mike Roorda	
	Assistant Director of Finance		City Treasurer	



Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$48,126,249	52.52%	\$48,260,047	2.594%	\$243,907			0.003
Federal Agency Issues									
Fed Natl Mortgage Assn	03/20/02	\$2,000,000	2.18%	\$2,001,880	3.900%	\$13,000	09/20/02	09/20/04	2.055
Fed Home Loan Mgt Corp	03/28/02	\$2,000,000	2.18%	\$2,024,260	4.210%	\$14,033	03/28/03	09/28/04	2.077
Fed Natl Mortgage Assn	05/02/02	\$2,000,000	2.18%	\$2,029,380	4.125%	\$13,899	05/02/03	11/02/04	2.173
Fed Home Loan Bank	03/20/02	\$2,000,000	2.18%	\$2,001,880	4.030%	\$13,433	09/20/02	12/20/04	2.304
Fed Home Loan Bank	04/11/01	\$2,000,000	2.18%	\$2,041,260	5.300%	\$17,956	04/11/03	04/11/05	2.611
Fed Natl Mortgage Assn	08/01/01	\$1,500,000	1.64%	\$1,545,000	5.200%	\$13,250	08/01/05	08/01/05	2.918
Fed Home Loan Bank	05/15/02	\$2,000,000	2.18%	\$2,010,620	4.750%	\$16,005	11/15/02	11/15/05	3.208
Fed Home Loan Bank	02/06/01	\$2,000,000	2.18%	\$2,030,620	5.840%	\$19,868	02/06/03	02/06/06	3.436
Fed Home Loan Bank	08/08/02	\$2,000,000	2.18%	\$2,006,880	4.060%	\$5,296	11/08/02	02/08/06	3.441
Fed Home Loan Bank	09/10/01	\$2,000,000	2.18%	\$2,001,260	5.250%	\$17,690	09/10/02	03/10/06	3.523
Fed Farm Credit Banks	09/28/01	\$2,000,000	2.18%	\$2,005,000	5.500%	\$18,333	09/28/02	09/28/06	4.077
Fed Home Loan Mgt Corp	09/10/01	\$2,000,000	2.18%	\$2,035,000	5.249%	\$17,687	03/06/03	09/06/06	4.016
Fed Natl Mortgage Assn	10/17/01	\$2,000,000	2.18%	\$2,006,880	4.700%	\$15,923	10/17/02	10/17/06	4.129
Fed Home Loan Bank	10/26/01	\$2,000,000	2.18%	\$2,007,500	4.940%	\$16,737	None	10/26/06	4.153
Fed Home Loan Mgt Corp	08/06/02	\$2,000,000	2.18%	\$2,006,380	4.250%	\$6,005	02/06/03	11/06/06	4.184
Fed Home Loan Bank	11/20/01	\$4,000,000	4.37%	\$4,022,520	4.500%	\$30,326	11/20/02	11/20/06	4.222
Fed Home Loan Bank	03/14/02	\$2,000,000	2.18%	\$2,001,880	5.050%	\$16,833	NA	12/14/06	4.288
Fed Home Loan Mgt Corp	03/26/02	\$2,000,000	2.18%	\$2,032,260	5.300%	\$17,667	03/26/03	03/26/07	4.567
Fed Home Loan Bank	07/09/02	\$4,000,000	4.37%	\$4,083,760	4.875%	\$28,614	07/09/03	07/09/07	4.855
Fed Home Loan Bank	08/20/02	\$2,000,000	2.18%	\$2,017,500	4.250%	\$2,775	08/20/03	08/20/07	4.970
Redeemed FY 02/03						\$15,928			
Sub Total/Average		\$43,500,000	47.47%	\$43,911,720	4.833%	\$331,258			3.658
Money Market		\$1,456	0.00%	\$1,456	1.280%	\$5,165			0.003
TOTAL/AVERAGE		\$91,627,706	100.00%	\$92,173,224	3.498%	\$580,330			1.737

<sup>\*</sup>Per State Treasurer Report dated 08/31/2002, LAIF had invested approximately 16% of its balance in Treasury Bills and Notes, 15% in CDs, 27% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 42% in others.



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2001 LAIF	\$48,126,249	\$48,260,047	2.594%	52.52%
2001 OTHER	\$1,456	\$1,456	1.280%	0.00%
2004	\$8,000,000	\$8,057,400	4.066%	8.73%
2005	\$5,500,000	\$5,596,880	5.073%	6.00%
2006	\$22,000,000	\$22,123,920	4.394%	24.01%
2007	\$8,000,000	\$8,133,520	4.825%	8.73%
TOTAL	\$91,627,706	\$92,173,224	3.498%	100.00%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	<b>AMENDED</b>	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGE
010 GENERAL FUND							
TAXES							
Property Taxes - Secured/Unsecured/Prior	1,883,000	1,883,000	-	n/a	_	-	n/a
Supplemental Roll	125,000	125,000	8,771	7%	13,547	(4,776)	-35%
Sales Tax	5,330,000	5,330,000	814,600	15%	881,300	(66,700)	-8%
Public Safety Sales Tax	288,400	288,400	27,952	10%	25,804	2,148	8%
Transient Occupancy Taxes	892,000	892,000	-	n/a	-	-	n/a
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	-	n/a	-	-	n/a
Property Transfer Tax	220,000	220,000	25,969	<u>12%</u>	16,526	9,443	<u>57%</u>
TOTAL TAXES	9,703,400	9,703,400	877,292	9%	937,177	(59,885)	-6%
LICENSES/PERMITS							
Business License	164,000	164,000	129,694	79%	127,923	1,771	1%
Other Permits	45,450	45,450	166	<u>0%</u>	81	85	<u>105%</u>
TOTAL LICENSES/PERMITS	209,450	209,450	129,860	62%	128,004	1,856	1%
FINES AND PENALTIES							
Parking Enforcement	15,000	15,000	578	4%	3,398	(2,820)	-83%
City Code Enforcement	82,000	82,000	-	n/a	5,506	(5,506)	-100%
Business tax late fee/other fines	-	-	582	<u>n/a</u>	700	(118)	<u>-17%</u>
TOTAL FINES AND PENALTIES	97,000	97,000	1,160	1%	9,604	(8,444)	-88%
OTHER AGENCIES							
Motor Vehicle in-Lieu	1,965,000	1,965,000	360,535	18%	329,567	30,968	9%
Other Revenue - Other Agencies	228,300	228,300	3,598	<u>2%</u>	9,384	(5,786)	<u>-62%</u>
TOTAL OTHER AGENCIES	2,193,300	2,193,300	364,133	17%	338,951	25,182	7%
CHARGES CURRENT SERVICES							
False Alarm Charge	24,000	24,000	308	1%	-	308	n/a
Business License Application Review	18,000	18,000	4,507	25%	3,602	905	25%
Recreation Classes	231,741	231,741	11,070	5%	4,120	6,950	169%
General Administration Overhead	1,855,937	1,855,937	309,322	17%	262,581		
Other Charges Current Services	145,648	145,648	11,910	<u>8%</u>	10,244	1,666	<u>16%</u>
TOTAL CURRENT SERVICES	2,275,326	2,275,326	337,117	15%	280,547	9,829	4%
OTHER REVENUE		<b>70</b>		95.			a
Use of money/property	724,400	724,400	125	0%	4,158	(4,033)	-97%
Other revenues	118,200	118,200	758	<u>1%</u>	1,618	(860)	<u>-53%</u>
TOTAL OTHER REVENUE	842,600	842,600	883	0%	5,776	(4,893)	-85%
TRANSFERS IN	400.000	400.000		m /-			/
Park Maintenance	100,000	100,000	2.047	n/a		- 447	n/a
Sewer Enterprise	17,500	17,500 17,500	2,917	17%	2,500	417	17%
Water Enterprise	17,500	17,500	2,917	17%	2,500	417	17%
Public Safety Other Funds	270,000	270,000	-	n/a	333	(333)	n/a -100%
TOTAL TRANSFERS IN	520,332 <b>925,332</b>	520,332 <b>925,332</b>	5,834	<u>n/a</u> <b>1%</b>	5,333	<u>(333)</u> <b>501</b>	<u>-100%</u> <b>9%</b>
TOTAL GENERAL FUND	16,246,408	16,246,408	1,716,279	11%	1,705,392	10,887	1%
IOTAL GLINAL I DIND	10,240,400	10,240,400	1,710,279	1 1 70	1,700,352	10,007	1 /0



FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET
SPECIAL REVENUE FUNDS	505011	50502.	71010712	0. 50502.			0. 20202
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	658,000	658,000	_	n/a	119,992	(119,992)	-100%
Measure A & B	-	-	-	n/a	- 10,002	(110,002)	n/a
Tea 21	_	_	_	n/a		_	n/a
Transfers In	977,000	977,000	100,000	10%	85,000	15,000	18%
Project Reimbursement	-	-	.00,000	n/a	-		n/a
Interest / Other Revenue/Other Charges	172,500	172,500	242	<u>0%</u>	305	(63)	<u>-21%</u>
202 STREET MAINTENANCE	1,807,500	1,807,500	100,242	<u>6%</u>	205,297	(105,055)	
204/205 PUBLIC SAFETY TRUST							
Interest Income	30,400	30,400	-	n/a	-	-	n/a
Police Grant/SLEF	100,000	100,000	-	n/a	-	-	n/a
PD Block Grant	-	-	-	n/a	-	-	n/a
CA Law Enforcement Equip.Grant	_	_	-	n/a	_	_	n/a
Federal Police Grant (COPS)	30,000	30,000	-	n/a	_	_	n/a
Transfers In	-	-	-	<u>n/a</u>	_	_	<u>n/a</u>
204/205 PUBLIC SAFETY TRUST	160,400	160,400	-	n/a	-	-	n/a
206 COMMUNITY DEVELOPMENT							
Building Fees	1,134,000	1,134,000	207,365	18%	156,248	51,117	33%
Planning Fees	438,147	438,147	67,082	15%	53,253	13,829	26%
Engineering Fees	480,000	480,000	67,561	14%	167,304	(99,743)	-60%
Other Revenue/Current Charges	66,276	66,276	218	0%	165	53	32%
Transfers	, <u>-</u>	· -	-	n/a	7,809	(7,809)	-100%
206 COMMUNITY DEVELOPMENT	2,118,423	2,118,423	342,226	16%	384,779	(42,553)	
207 GENERAL PLAN UPDATE	113,582	113,582	18,910	17%	5,007	13,903	278%
215 and 216 HCD BLOCK GRANT							
HCD allocation	181,306	181,306	-	n/a	-	-	n/a
Interest Income/Other Revenue	50,000	50,000	115	0%	-	115	n/a
<u>Transfers</u>				<u>n/a</u>	<u>-</u>		<u>n/a</u>
215 and 216 HCD BLOCK GRANT	231,306	231,306	115	0%	-	115	n/a
210 COMMUNITY CENTER	119,041	119,041	100,000	84%	200,000	(100,000)	-50%
220 MUSEUM RENTAL	212	212	-	n/a	-	-	n/a
225 ASSET SEIZURE	2,057	2,057	-	n/a	-	-	n/a
226 OES/FEMA	-	-	-	n/a	4,908	(4,908)	-100%
229 LIGHTING AND LANDSCAPE	107,429	107,429	-	n/a	-	-	n/a
232 ENVIRONMENTAL PROGRAMS	380,755	380,755	20,426	5%	-	20,426	n/a
234 MOBILE HOME PARK RENT STAB.	2,507	2,507	-	n/a	10,000	(10,000)	-100%
235 SENIOR HOUSING	85,541	85,541	-	n/a	-	-	n/a
236 HOUSING MITIGATION	37,500	37,500	-	n/a	-	-	n/a
240 EMPLOYEE ASSISTANCE	80,786	80,786	40,000	50%	-	40,000	n/a
TOTAL SPECIAL REVENUE FUNDS	5,247,039	5,247,039	621,919	12%	809,991	(188,072)	-23%



FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,129,006	1,129,006	76,235	7%	11,065	65,170	589%
802 PARK MAINTENANCE	155,300	155,300	789	1%	64,206	(63,417)	-99%
803 LOCAL DRAINAGE	315,223	315,223	17,688	6%	85,668	(67,980)	-79%
04 LOCAL DRAINAGE/NON AB1600	139,949	139,949	18,000	13%	29,335	(11,335)	-39%
05 OFF-STREET PARKING	152	152	-	n/a	-	-	n/a
806 OPEN SPACE			-	n/a		-	n/a
809 TRAFFIC MITIGATION	1,080,268	1,080,268	101,221	9%	218,938	(117,717)	-54%
311 POLICE MITIGATION	64,919	64,919	5,982	9%	2,330	3,652	157%
313 FIRE MITIGATION	166,935	166,935	25,690	15%	5,389	20,301	377%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	12,084,000	12,084,000	29,539	0%	69,084	(39,545)	-57%
Development Agreements	-	-	-	n/a	-	-	n/a
Interest Income, Rents	595,853	595,853	34,232	6%	-	34,232	n/a
Other Agencies/Current Charges	152,500	152,500	3,415	<u>2%</u>	3,403	12	<u>0%</u>
17 RDA CAPITAL PROJECTS	12,832,353	12,832,353	67,186	1%	72,487	(5,301)	-7%
27/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	3,438,000	3,438,000	8,182	0%	17,271	(9,089)	
Interest Income, Rent	100,000	100,000	12,028	12%	2,031	9,997	492%
<u>Other</u>	590	590	140	<u>24%</u>	40	100	<u>250%</u>
327/328 RDA L/M HOUSING	3,538,590	3,538,590	20,350	1%	19,342	1,008	5%
46 PUBLIC FACILITIES NON-AB1600	254,300	254,300	18,000	7%	5,000	13,000	260%
347 PUBLIC FACILITIES	148,617	148,617	9,803	7%	4,468	5,335	119%
48 LIBRARY	36,299	36,299	6,823	19%	985	5,838	593%
50 UNDERGROUNDING	692,745	692,745	-	n/a	104,000	(104,000)	
340 MORGAN HILL BUS.RANCH CIP I	1,825	1,825	-	n/a	-	-	n/a
342 MORGAN HILL BUS.RANCH CIP II	2,052	2,052	-	n/a	-	-	n/a
TOTAL CAPITAL PROJECTS FUNDS	20,558,533	20,558,533	367,767	2%	623,213	(255,446)	-41%
DEBT SERVICE FUNDS							
527 HIDDEN CREEK	_	_	-	n/a	_	_	n/a
33 DUNNE AVE. / CONDIT ROAD	-	_	_	n/a	-	_	n/a
336 ENCINO HILLS	4,209	4,209	_	n/a	_	_	n/a
39 MORGAN HILL BUSINESS PARK	7,707	7,707		n/a	_	-	n/a
42 SUTTER BUSINESS PARK	6,215	6,215		n/a	-	-	n/a
	158,673	158,673	_	n/a	-	-	n/a
45 COCHRANE BUSINESS PARK			_	, u	_	_	1174
645 COCHRANE BUSINESS PARK 651 JOLEEN WAY	43,068	43,068	-	n/a	-	-	n/a



FUND				INCR (DECR)			
REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	% OF BUDGET	PRIOR YTD	FROM PRIOR YTD	% OF BUDGE
ENTERPRISE FUNDS	BODGET	DODGET	ACTUAL	OI BODGET	יווע	ווט	OI BODGE
240 CEWED ODED ATION							
640 SEWER OPERATION	E 200 CEO	E 200 CEO	004 544	400/	007 400	(0.005)	00/
Sewer Service Fees	5,389,650	5,389,650	884,514	16%	887,199	(2,685)	0%
Interest Income	295,119	295,119	-	n/a	-	-	n/a
Sewer Rate Stabilization	-	-	45.400	n/a	40.450	(0.004)	n/a
Other Revenue/Current Charges	113,900	113,900	15,468	<u>14%</u>	19,152	(3,684)	<u>-19%</u>
640 SEWER OPERATION	5,798,669	5,798,669	899,982	16%	906,351	(6,369)	-1%
641 SEWER EXPANSION							
Interest Income	176,887	176,887	25	0%	1,761	(1,736)	-99%
Connection Fees	1,125,000	1,125,000	101,626	9%	299,466	(197,840)	-66%
<u>Other</u>			132	<u>n/a</u>	332	(200)	-60%
641 SEWER EXPANSION	1,301,887	1,301,887	101,783	8%	301,559	(199,776)	-66%
642 SEWER RATE STABILIZATION	123,378	123,378	-	n/a	-	-	n/a
643 SEWER-CAPITAL PROJECT	608,429	608,429	-	n/a	-	-	n/a
TOTAL SEWER FUNDS	7,832,363	7,832,363	1,001,765	13%	1,207,910	(206,145)	-17%
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50 WATER OPERATION							
Water Sales	5,855,915	5,855,915	1,365,044	23%	1,667,920	(302,876)	-18%
Meter Install & Service	48,000	48,000	526	1%	13,495	(12,969)	-96%
Transfers-In, and Interest Income	384,673	384,673	32,000	8%	32,267	(267)	-1%
Other Revenue/Current Charges	171,770	171,770	36,077	<u>21%</u>	52,888	(16,811)	-32%
550 WATER OPERATION	6,460,358	6,460,358	1,433,647	22%	1,766,570	(332,923)	
651 WATER EXPANSION							
Interest Income/Other Revenue	480,602	480,602	3,324	1%	-	3,324	n/a
Water Connection Fees	387,000	387,000	18,399	<u>5%</u>	14,788	3,611	<u>24%</u>
551 WATER EXPANSION	867,602	867,602	21,723	3%	14,788	6,935	47%
S52 Water Rate Stabilization	32,844	32,844	-	n/a	-	-	n/a
653 Water Capital Project	1,207,662	1,207,662	-	n/a	-	-	n/a
TOTAL WATER FUNDS	8,568,466	8,568,466	1,455,370	17%	1,781,358	(325,988)	-18%
TOTAL ENTERPRISE FUNDS	16,400,829	16,400,829	2,457,135	15%	2,989,268	(532,133)	-18%
NTERNAL SERVICE FUNDS							
220 INFORMATION SERVICES	204 400	201 100	62 524	470/	E7 622	E 000	400/
730 INFORMATION SERVICES	381,190	381,190	63,531	17% 17%	57,633	5,898	10%
740 BUILDING MAINTENANCE SERVICES	837,139	837,139	139,554	17% 12%	116,243	23,311	20%
745 CIP ADMINISTRATION	1,308,226	1,308,226	161,768	12%	-	161,768	n/a
760 UNEMPLOYMENT INSURANCE	970	970 200 007	- 60 700	n/a 179/	- EE E70	4447	n/a 25%
770 WORKERS COMPENSATION	399,907	399,907	69,720	17%	55,573	14,147	25%
790 EQUIPMENT REPLACEMENT	511,371	511,371	82,924	16%	68,170	14,754	22%
793 CORPORATION YARD COMMISSION	233,033	233,033	-	n/a	60,356	(60,356)	
795 GENERAL LIABILITY INSURANCE	387,806	387,806	62,319	16%	62,826	(507)	-1%
TOTAL INTERNAL SERVICE FUNDS	4,059,642	4,059,642	579,816	14%	420,801	159,015	38%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	<b>AMENDED</b>	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	135,458	135,458	-	n/a	-	-	n/a
842 M.H. BUS.RANCH A.D. II	99,679	99,679	-	n/a	-	-	n/a
843 M.H. BUS.RANCH 1998	939,155	939,155	-	n/a	-	-	n/a
845 MADRONE BP-TAX EXEMPT	846,721	846,721	-	n/a	-	-	n/a
846 MADRONE BP-TAXABLE	184,234	184,234	-	n/a	-	-	n/a
848 TENNANT AVE.BUS.PK A.D.	332,553	332,553	-	n/a	120,527	(120,527)	-100%
881 POLICE DONATION TRUST FUND	1,371	1,371	-	n/a	-	-	n/a
TOTAL AGENCY FUNDS	2,539,171	2,539,171		n/a	120,527	(120,527)	-100%
TOTAL FOR ALL FUNDS	65,271,494	65,271,494	5,742,916	9%	6,669,192	(966,522)	-14%



	CITY OF MORLIAN HILL		17% of Year	Completed				
		THIS						
FUND NO.	FUND/ACTIVITY	MONTH ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	PERCENT OF TOTAL TO
NO.	FUND/ACTIVITY	EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE		BUDGET
010 CE	NERAL FUND							
UIU GE	INERAL FUND							
I. GEN	ERAL GOVERNMENT							
cou	INCIL AND MISCELLANEOUS GOV	/T.						
	City Council	15,261	236,417	236,417	25,647	1,114	26,761	11%
0011	Community Promotions	1,125	40,604	40,604	8,343	6,698	15,041	<u>37%</u>
COU	INCIL AND MISCELLANEOUS GO	16,386	277,021	277,021	33,990	7,812	41,802	15%
CITY	ATTORNEY	41,280	668,556	668,556	65,263	1,283	66,546	<u>10%</u>
CITY	MANAGER							
	City Manager	27,327	393,276	393,276	62,699	54,000	116,699	30%
	Cable Television	19,578	46,755	46,755	20,726	19,026	39,752	85%
CITY	Communications & Marketing  MANAGER	6,375 <b>53,280</b>	116,982 <b>557,013</b>	116,982 <b>557,013</b>	10,230 93,655	7,827 <b>80,853</b>	18,057 <b>174,508</b>	<u>15%</u> <b>31%</b>
Citt	WANAGEN	33,200	337,013	337,013	33,033	00,033	174,500	3170
REC	REATION							
	Recreation	32,998	479,220	479,220	56,546	23,300	79,846	17%
	Community & Cultural Center	11,412	684,196	684,196	23,330	-	23,330	3%
DEC	Building Maintenance (CCC)  REATION	6,606	205,115	205,115	13,902		13,902	<u>7%</u>
KEC	REATION	51,016	1,368,531	1,368,531	93,778	23,300	117,078	9%
HUM	IAN RESOURCES							
	Human Resources	50,363	606,543	606,543	88,086	2,964	91,050	15%
111184	Volunteer Programs	3,294	38,193	38,193	6,532	2.004	6,532	<u>17%</u>
HUW	IAN RESOURCES	53,657	644,736	644,736	94,618	2,964	97,582	15%
CITY	CLERK							
	City Clerk	16,984	373,823	373,823	34,875	861	35,736	10%
CITY	Elections ' CLERK	2,618 <b>19,602</b>	65,810 <b>439,633</b>	65,810 <b>439,633</b>	6,019 <b>40,894</b>	861	6,019 <b>41,755</b>	<u>9%</u> <b>9%</b>
		,	•	•	•		•	
FINA	ANCE	64,508	1,075,090	1,075,090	131,685	24,983	156,668	15%
MED	DICAL SERVICES	-	120,000	120,000	-	-	-	n/a
TOTAL (	GENERAL GOVERNMENT	299,729	5,150,580	5,150,580	553,883	142,056	695,939	14%
II. PUBL	LIC SAFETY							
POL	ICE							
	PD Administration	25,555	596,573	596,573	76,816	-	76,816	13%
	Patrol	244,177	3,131,616	3,131,616	469,834	15,259	485,093	15%
	Support Services	84,443	867,088	867,088	149,883	20,304	170,187	20%
	Emergency Services/Haz Mat	4,496	89,549	89,549	8,069	2.000	8,069	9%
	Special Operations Animal Control	64,359 4,695	792,805 71,918	792,805 71,918	120,471 8,256	3,000	123,471 8,256	16% 11%
	Dispatch Services	48,736	821,421	821,421	95,947	-	95,947	12%
POL	ICE	476,461	6,370,970	6,370,970	929,276	38,563	967,839	15%
FIRI	E	301,995	3,623,938	3,623,938	603,990	-	603,990	17%
TOTAL I	PUBLIC SAFETY	778,456	9,994,908	9,994,908	1,533,266	38,563	1,571,829	16%
III. COM	MMUNITY IMPROVEMENT							
PAI	RK MAINTENANCE	76,379	826,483	826,483	118,207	22,908	141,115	17%
TOTAL (	COMMUNITY IMPROVEMENT	76,379	826,483	826,483	118,207	22,908	141,115	17%



FUND NO.	FUND/ACTIVITY	MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT O TOTAL TO BUDGET
IV. TRA	ANSFERS							
	Street Maintenance	5,000	377,000	377,000	10,000	_	10,000	3%
	Community Center	5,000	100,000	100,000	100,000	-	100,000	100%
	General Plan Update	-	60,000	60,000	-	-	-	<u>n/a</u>
TC	OTAL TRANSFERS	5,000	537,000	537,000	110,000	-	110,000	20%
TOTAL (	GENERAL FUND	1,159,564	16,508,971	16,508,971	2,315,356	203,527	2,518,883	15%
SPECIA	L REVENUE FUNDS							
202 STR	EET MAINTENANCE							
	Street Maintenance/Traffic	123,247	1,705,475	1,705,475	184,570	107,869	292,439	17%
	Congestion Management	3,407	79,820	79,819	6,794	-	6,794	9%
ono etc	Street CIP EET MAINTENANCE	<u>26,358</u>	120,097 1,905,392	120,097	35,381	281,600	316,981	<u>264%</u>
202 STR	EET MAINTENANCE	153,012	1,905,392	1,905,391	226,745	389,469	616,214	32%
204/205	PUBLIC SAFETY/SUPP.LAW	45	315,538	315,538	90	45,000	45,090	14%
06 CO	MMUNITY DEVELOPMENT FUND							
	Planning	95,022	1,146,916	1,146,916	163,876	261,731	425,607	37%
	Building	65,523	1,040,589	1,040,589	131,035	94,486	225,521	22%
	PW-Engineering	67,097	1,120,346	1,120,346	117,183	181,669	298,852	<u>27%</u>
206 CO	MMUNITY DEVELOPMENT FUND	227,642	3,307,851	3,307,851	412,094	537,886	949,980	29%
207	GENERAL PLAN UPDATE	805	162,996	162,996	1,612	13,493	15,105	9%
210	COMMUNITY CENTER	-	520,332	520,332	-	-	-	n/a
15/216	CDBG	-	231,306	231,306	-	11,200	11,200	5%
20	MUSEUM RENTAL	226	3,069	3,069	352	-	352	11%
25	ASSET SEIZURE	-	34,060	34,060	-	20,000	20,000	59%
26	OES/FEMA	-	-	-	-	-	-	n/a
29	LIGHTING AND LANDSCAPE	10,804	138,672	138,672	14,099	53,257	67,356	49%
32	ENVIRONMENT PROGRAMS	24,093	318,170	318,170	34,818	106,807	141,625	45%
34	MOBILE HOME PARK	128	70,335	70,335	256	-	256	0%
36	HOUSING MITIGATION FUND	-	1,032,119	1,032,119	-	-	-	n/a
40	EMPLOYEE ASSISTANCE	-	40,000	40,000	-	-	-	n/a
TOTAL S	SPECIAL REVENUE FUNDS	416,755	8,079,840	8,079,839	690,066	1,177,112	1,867,178	23%
CAPITA	L PROJECT FUNDS							
801	PARK DEVELOPMENT	18,568	2,856,587	2,856,587	30,293	37,993	68,286	2%
302	PARK MAINTENANCE	-	165,000	170,422	-	5,422	5,422	3%
303	LOCAL DRAINAGE	132	1,866,589	1,866,589	265	-	265	0%
04	LOCAL DRAIN. NON-AB1600	144	161,727	161,727	288	78,037	78,325	48%
09	TRAFFIC MITIGATION	33,842	183,541	303,271	36,763	925,152	961,915	524%
11	POLICE MITIGATION	512	1,058,142	1,058,142	1,024	39,080	40,104	4%
13	FIRE MITIGATION	119	1,428	1,428	238	-	238	17%
17	RDA BUSINESS ASSISTANCE	1,954,594	19,353,409	19,413,409	4,614,440	7,045,454	11,659,894	60%
27/328		87,947	6,313,976	6,313,976	186,138	90,170	276,308	4%
46	PUBLIC FAC.NON AB1600	-	-,2.0,0.0	-	-	-	0,000	n/a
47	PUBLIC FACILITIES	11,086	56,412	56,412	14,417	908,332	922,749	1636%
48	LIBRARY IMPACT	17,000	208	208	35	-	35	17%
50	UNDERGROUNDING	34	730,404	730,404	67	-	67	0%
OT 41	CARITAL DRO IECTO ELINDO	2 400 005	20.747.400	22 020 575	4 000 000	0.400.040	44.040.000	400/
OTAL (	CAPITAL PROJECTS FUNDS	2,106,995	32,747,423	32,932,575	4,883,968	9,129,640	14,013,608	43%



FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	PERCENT OF
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET
DEBT SE	ERVICE FUNDS							
527	HIDDEN CREEK A.D.	_	_	_	_	_	_	n/a
536	ENCINO HILLS A.D.	_	_	_	-	_	_	n/a
539	MORGAN HILL BUS. PARK A.D.	-	-	_	-	-	-	n/a
542	SUTTER BUS. PARK A.D.	-	-	-	-	-	-	n/a
545	COCHRANE BUS. PARK A.D.	367,877	139,309	139,309	368,632	-	368,632	265%
551	JOLEEN WAY A.D.	581	42,569	42,569	1,308	-	1,308	3%
TOTAL [	DEBT SERVICE FUNDS	368,458	181,878	181,878	369,940	-	369,940	203%
ENTERP	PRISE FUNDS							
SEWER	SEWED OPERATION	040 700	C 07F 00 1	C 07F 00 '	4 045 455	co ===	0 000 000	2001
640 641	SEWER OPERATION	313,702	6,875,234	6,875,234	1,945,156	88,777	2,033,933	30% 0%
641 642	CAPITAL EXPANSION SEWER RATE STABILIZATION	323	4,006,874	4,006,874	646	-	646	0%
642		182	2,190	2,190	365	750.000	365	17%
643	SEWER-CAPITAL PROJECTS	9,694	1,822,627	1,822,627	16,507	750,026	766,533	<u>42%</u>
IOIALS	SEWER FUND(S)	323,901	12,706,925	12,706,925	1,962,674	838,803	2,801,477	22%
WATER	W . O . # . D !	400			0.40.0.40		0.10.01.1	400/
	Water Operations Division	469,586	6,948,657	6,978,657	612,642	297,372	910,014	13%
	Meter Reading/Repair	33,476	616,878	616,878	64,334	329,403	393,737	64%
	Utility Billing Water Conservation	33,027 167	347,753 11,320	347,753 11,320	52,259 259	126,366	178,625 259	51% <u>2%</u>
c E O						752 141		· <del></del>
650 651	WATER OPERATIONS	536,256	7,924,608	7,954,608	729,494	753,141	1,482,635	19%
651 650	CAPITAL EXPANSION	6,630	900,234	900,234	12,509	975,089	987,598	110%
652	WATER RATE STABILIZATION	42	509	509	85	470.000	85	17%
653 TOTAL V	WATER-CAPITAL PROJECTS WATER FUND(S)	228,988 771,916	9,636,306	810,955 9,666,306	241,488 983,576	<u>473,389</u> 2,201,619	714,877 3,185,195	<u>88%</u> 33%
	. ,	·						
TOTAL	ENTERPRISE FUNDS	1,095,817	22,343,231	22,373,231	2,946,250	3,040,422	5,986,672	27%
INTERN	AL SERVICE FUNDS							
730	INFORMATION SERVICES	66,404	586,190	586,190	117,576	175,959	293,535	50%
740	BUILDING MAINTENANCE	57,167	588,128	588,128	76,034	36,928	112,962	19%
745	CIP ENGINEERING	97,350	1,308,227	1,308,227	161,768	121,497	283,265	22%
760	UNEMPLOYMENT	-	25,000	25,000	-	-	-	n/a
770	WORKERS COMPENSATION	154,730	482,200	482,200	190,661	47,975	238,636	49%
790	EQUIPMENT REPLACEMENT	221	186,472	186,472	357	12,547	12,904	7%
793	CORP YARD COMMISSION	5,590	227,600	227,600	5,590	107,833	113,423	50%
795	GEN. LIABILITY INSURANCE	-	330,600	330,600	-	-	-	n/a
TOTAL I	NTERNAL SERVICE FUNDS	381,462	3,734,417	3,734,417	551,986	502,739	1,054,725	28%
ACENCY	V ELINDO							
AGENC	Y FUNDS							
841	MORGAN HILL BUS RANCH I	503,377	730,155	730,155	504,262	-	504,262	69%
842	MORGAN HILL BUS RANCH II	101,894	89,995	89,995	102,989	-	102,989	114%
843	MORGAN HILL BUS RANCH 98	574,844	883,336	883,336	575,702	-	575,702	65%
845	MADRONE BP-TAX EXEMPT	488,873	1,084,479	1,084,479	489,995	-	489,995	45%
846	MADRONE BP-TAXABLE	94,216	183,851	183,851	94,885	-	94,885	52%
848	TENNANT AVE BUS PARK AD	-	-	-	253	-	253	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
TOTAL A	AGENCY FUNDS	1,763,204	2,971,816	2,971,816	1,768,086	-	1,768,086	59%
REPORT	T TOTAL	7,292,255	86,567,576	86,782,727	13,525,652	14,053,440	27,579,092	32%



#### YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
			% of	Prior			% of	Prior
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
Operations								
Revenues								
Service Charges Meter Install & Service	\$ 5,389,650	\$ 884,514	16%	\$ 887,199	\$ 5,855,915 48,000	\$ 1,365,044 526	23% 1%	\$ 1,638,663 13,495
Other	113,900	15,468	14%	19,152	155,566	53,587	34%	85,154
Total Operating Revenues	5,503,550	899,982	16%	906,351	6,059,481	1,419,157	23%	1,737,312
Expenses								
Operations Meter Reading/Repair Utility Billing/Water Conservation	3,924,903	552,128	14%	765,115	4,323,117 616,878 359,073	543,059 64,334 52,518	13% 10% 15%	,
Total Operating Expenses	3,924,903	552,128	14%	765,115	5,299,068	659,911	12%	557,419
Operating Income (Loss)	1,578,647	347,854		141,236	760,413	759,246		1,179,893
Nonoperating revenue (expense)								
Interest Income Interest Expense/Debt Services Principal Expense/Debt Services	295,119 (1,403,954) (655,000)	- (692,799) (635,000)		( ,,	227,000 (337,720) (210,320)	- - -		- - -
Total Nonoperating revenue (expense)	(1,763,835)	(1,327,799)		(1,366,155)	(321,040)	-		-
Income before operating xfers	(185,188)	(979,945)		(1,224,919)	439,373	759,246		1,179,893
Operating transfers in Operating transfers (out)	- (891,377)	- (65,229)	7%	- (29,213)	173,877 (2,077,500)	14,490 (69,583)	8% 3%	29,257 (60,833)
Net Income (Loss)	\$ (1,076,565)	\$ (1,045,174)		\$ (1,254,132)	\$ (1,464,250)	\$ 704,153		\$ 1,148,317



#### City of Morgan Hill **Balance Sheets - Water and Sewer Funds** August 31, 2002 17% of Year Complete

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	4,196,580	6,985,691	5,077,973	3,341,968
Restricted <sup>1</sup>	2,079,606	6,071,065	390,888	799,580
Accounts Receivable		5,592		
Utility Receivables	622,777		1,172,797	
Less Allowance for Doubtful Accounts	(18,047)		(21,252)	
Notes Receivable <sup>2</sup>		107,857		
Fixed Assets <sup>3</sup>	34,942,913	6,483,996	25,013,778	4,412,465
Other Assets	0			2,406
Total Assets	41,823,829	19,654,201	31,634,184	8,556,419
LIABILITIES				
Accounts Payable and Accrued Liabilities	396,904	209,743	41,152	
Deposits for Water Services Deferred Revenue 4			47,244	
Bonds Payable	25,540,000		6,415,514	
Discount on Bonds and Other Liabilities	(1,668,302)		(1,075,413)	
Accrued Vacation and Comp Time	40,560		64,885	
Total liabilities	24,309,162	209,743	5,493,382	0
FUND EQUITY				
Contributed Capital Retained Earnings	7,624,084		14,438,595	
Reserved for:				
Noncurrent water/sewer assets & debt	11,689,112	6,484,087	19,835,909	4,412,465
Encumbrances	88,777	750,026	753,141	1,448,478
Notes Receivable		107,857		
Restricted Cash	2,079,606		390,888	
Total Reserved Retained Earnings	13,857,495	7,341,970	20,979,938	5,860,943
Unreserved Retained Earnings	3,657,172	12,102,488	5,160,864	2,695,476
Total Fund Equity	17,514,667	19,444,458	26,140,802	8,556,419
<b>Total Liabilities and Fund Equity</b>	41,823,829	19,654,201	31,634,184	8,556,419

<sup>&</sup>lt;sup>1</sup> Restricted for Bond Reserve requirements and capital expansion. <sup>2</sup> Includes Note for Sewer Financing Agreements.

<sup>&</sup>lt;sup>3</sup> Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

<sup>&</sup>lt;sup>4</sup> Includes the deferred payment portion of the loans noted above.



City of Morgan Hill Balance Sheets for Major Funds - Fiscal Year 2002-2003 August 31, 2002 17% of Year Complete

	General Fund	RDA	L/M Housing	Sewer	Water
ASSETS	(Fund 010)	(Fund 317)	(Fund 327/328)	(Fund 640)	(Fund 650)
AGGETO					
Cash and investments:					
Unrestricted	10,203,412	15,596,493	3,432,616	4,196,580	5,077,973
Restricted <sup>1</sup>	4,050			2,079,606	390,888
Accounts Receivable	985,326	555	3,192		
Utility Receivables (Sewer and Water)				622,777	1,172,797
Less Allowance for Doubtful Accounts				(18,047)	(21,252)
Loans and Notes Receivable <sup>2</sup>	463,311	2,437,197	16,616,451		
Due from other Funds		128,593			
Fixed Assets <sup>3</sup>		71,049		34,942,913	25,013,778
Other Assets					
Total Assets	11,656,099	18,233,887	20,052,259	41,823,829	31,634,184
LIABILITIES					
Assessed Brookless and Brookless	400.00		40.065	000.00	44.455
Accounts Payable and Accrued Liabilities	130,971	11,047	10,316	396,904	41,152
Deposits for Water Services  Deferred Revenue 4					47,244
	483,461	867,948	4,426,115	25 540 000	C 445 544
Bonds Payable Discount on Bonds and Other Liabilities	604,437			25,540,000 (1,668,302)	6,415,514 (1,075,413)
Accrued Vacation and Comp Time	123,769	5,249	2,162	40,560	64,885
Accided vacation and comp time	123,703	3,243	2,102	40,500	04,003
Total liabilities	1,342,638	884,244	4,438,593	24,309,162	5,493,382
FUND EQUITY					
Contributed Capital				7,624,084	14,438,595
Fund Balance / Retained Earnings					
Reserved for:					
Noncurrent water/sewer assets & debt				11,689,112	19,835,909
Encumbrances	203,527	7,045,454	90,170	88,777	753,141
Restricted Cash		,, .		2,079,606	390,888
Impact Fee Capital Improvements					
Advance to Other Funds		128,593			
RDA properties held for resale		71,049			
Loans and Notes Receivable		1,569,247	12,190,333		
Ecumenical Housing/Via Ciolino					
Total Reserved Fund Equity	203,527	8,814,343	12,280,503	13,857,495	20,979,938
Designated Fund Equity <sup>5</sup>	3,382,000				
Unreserved Fund Equity	6,727,934	8,535,300	3,333,163	3,657,172	5,160,864
Total Fund Equity	10,313,461	17,349,643	15,613,666	17,514,667	26,140,802
<b>Total Liabilities and Fund Equity</b>	11,656,099	18,233,887	20,052,259	41,823,829	31,634,184

<sup>&</sup>lt;sup>1</sup> Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

<sup>&</sup>lt;sup>2</sup> Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

<sup>&</sup>lt;sup>3</sup> Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

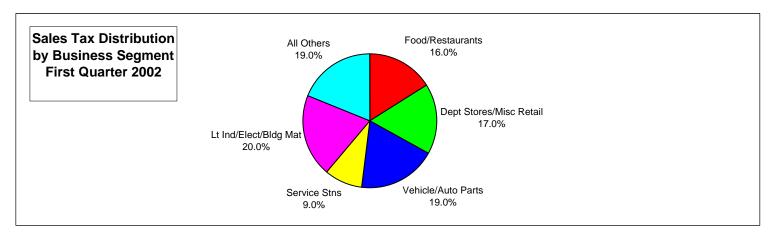
<sup>&</sup>lt;sup>4</sup> Includes the deferred payment portion of the loans noted above.

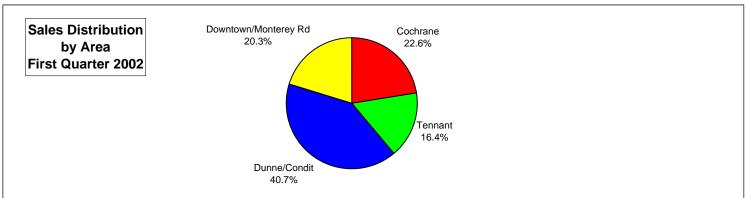
<sup>&</sup>lt;sup>5</sup> Designated for economic uncertainty, emergencies, and Fire Master Plan implementation



City of Morgan Hill Sales Tax Comparison - Fiscal Year 2002/03 For the Month of August 2002 8% of Year Complete

<b>Amount Collected for Month for Fiscal Year</b>		Amount Collected YTD for Fiscal Year			Comparison of YTD for fiscal years			
Month	02/03	01/02	00/01	02/03	01/02	00/01	02/03 to 01/02	02/03 to 00/01
July	\$367,600	\$377,700	\$306,000	\$367,600	\$377,700	\$306,000	(10,100)	61,600
August	\$447,000	\$503,600	\$408,000	\$814,600	\$881,300	\$714,000	(66,700)	100,600
September		\$437,056	\$584,766	. ,	\$1,318,356	\$1,298,766	, ,	·
October		\$339,000	\$319,200		\$1,657,356	\$1,617,966		
November		\$452,000	\$425,600		\$2,109,356	\$2,043,566		
December		\$538,465	\$524,333		\$2,647,821	\$2,567,899		
January		\$393,900	\$337,700		\$3,041,721	\$2,905,599		
February		\$466,068	\$450,200		\$3,507,789	\$3,355,799		
March		\$351,548	\$607,260		\$3,859,337	\$3,963,059		
April		\$341,042	\$324,700		\$4,200,379	\$4,287,759		
May		\$461,500	\$432,900		\$4,661,879	\$4,720,659		
June		\$279,927	\$811,473		\$4,941,806	\$5,532,132		
Year To Da	ite Totals			\$814,600	\$4,941,806	\$5,532,132		
Sales Tax E	Budget for Year			\$5,330,000	\$5,300,000	\$4,462,817		
Percent of	•			15%	93%	124%		
	increase(decreas	e)					-8%	14%





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#### CITY COUNCIL MEETING STAFF REPORT



**MEETING DATE:** September 18, 2002

#### TITLE: FINAL FISCAL YEAR 2001/02 BUDGET ADJUSTMENTS

#### **RECOMMENDED ACTION:**

Approve proposed final budget adjustments for the 2001/02 fiscal year.

#### **EXECUTIVE SUMMARY:**

In order to finalize financial activity for the 2001/02 fiscal year, it is necessary to make certain budgetary adjustments to various funds as proposed on the attached schedule. These adjustments will provide sufficient appropriations for all situations where expenditures exceeded the previously approved 2001/02 budget. An explanation of the recommended adjustments follows:

Agenda Item # 10
Prepared By:
Budget Manager
Approved By:
Finance Director
Submitted By:
City Manager

#### General Fund; Community Promotions (010-1220) and Elections (010-2420)

These budgets were exceeded by approximately \$1,000 (010-1220) and \$1,500 (010-

2420) due to changes to salary allocations. These increases are offset by budgetary salary savings in the City Clerk Activity (010-2410).

#### General Fund; City Manager's Office (010-2100)

The budget was exceeded by approximately \$30,000, because of under projections in salary expenses and a one time salary expense.

#### *General Fund; Police Administration (010-3510)*

The budget was exceeded by approximately \$37,000 due to higher recruitment activities and recruitment transition expenses. These increases were offset by savings in the Patrol division (010-3210).

#### General Fund; Fire Administration (010-3510)

The budget was exceeded by \$32,000 due to under projections of contract expenses at the beginning of the fiscal year.

#### Street Maintenance Fund; Congestion Management (202-6110)

The budget was exceeded by \$16,230 due to higher salary costs and congestion management dues. These increases were offset by higher than expected Gas Tax revenues.

#### Separation of Housing Mitigation Fund

Staff recommends approving a transfer of \$944,619 from the Housing Development Fund (235) to a newly created Housing Mitigation Fund (236) to improve staff's administration of these funds, as previously presented in the FY 2001/02 budget.

#### Separation of Open Space Fund

Staff recommends approving a transfer of \$193,000 from the Park Maintenance Fund (302) to a newly created Open Space Fund (306) to improve staff's administration of these funds, as previously presented in the FY 2001/02 budget.

#### Closure of various funds and transfer of fund balance to the General Fund and IS Fund

Staff recommends transferring the remaining fund balances of the OES FEMA (226), Cable TV (230), Human Resources (710) and Legal Defense (755) funds, totaling \$106,669, to the General Fund (010). Staff also recommends transferring \$215,000 of the Finance fund balance (720) to the Information Systems Fund (730) and the remaining \$157,877 of Finance fund balance to the General Fund (010), as previously presented in the FY 2001/02 budget.

#### **FISCAL IMPACT:**

The fiscal impact of each adjustment is scheduled on the attached schedule. Sufficient resources are available to finance the proposed revisions.

#### SUMMARY OF FINAL BUDGET ADJUSTMENTS - FY 2001/02

			Appropriation Increase	F Revenue	und Balance Increase
Fund	Dept	Description	(Decrease)	Increase	(Decrease)
<u>Gener</u>					
010		Community Promotions	1,000	-	-
010		City Clerk	(2,500)	-	-
010	2420	Elections	1,500	-	-
010	2100	City Manager	30,000	-	(30,000)
010	3205	Police Administration	37,000	_	-
010		Patrol	(37,000)	-	-
010	3510	Fire Administration	32,000	-	(32,000)
Street	Mainte	enance Fund			
202		Congestion Management	16,230	16,230	-
		of Housing Mitigation Fund	044.040		(0.1.1.0.1.0)
235		Housing Development	944,619	-	(944,619)
236	0000	Housing Mitigation Fund Revenues	-	944,619	944,619
Separa	ation o	of Open Space Fund			
302	8030	Park Maintenance	193,000	-	(193,000)
306	0000	Open Space Fund Revenues	-	193,000	193,000
		ds (Closure of Funds)			(,= ===)
226		OES Fema	17,500	-	(17,500)
230		Cable TV	39,581	-	(39,581)
710		Human Resources	20,678	-	(20,678)
720		Finance	372,877	-	(372,877)
755		Legal Defense	28,910	-	(28,910)
010		General Fund Transfers In	-	264,547	264,547
730	0000	Information Systems Fund Transfers In	-	215,000	215,000
GRAN	D TOT	ALS	1,695,395	1,633,395	(62,000)

#### CITY OF MORGAN HILL SPECIAL CITY COUNCIL MEETING WITH GRAND OPENING COMMITTEE MINUTES AUGUST 29, 2002

#### **CALL TO ORDER**

Council Member Sellers called the meeting to order at 4:15 p.m.

#### ROLL CALL ATTENDANCE

Present: Council Members Chang, Tate and Sellers;

Late: Mayor Kennedy
Absent: Council Member Carr

#### DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

#### **PUBLIC COMMENT**

Council Member Sellers opened the floor to public comment for items not appearing on the agenda. No comments were offered.

#### 1) <u>DISCUSSION OF COMMUNITY AND CULTURAL CENTER GRAND</u> <u>OPENING CELEBRATION</u>

The Council met with the Community and Cultural Center Grand Opening Celebration Planning Committee to continue the discussion and planning of the grand opening celebration expected to take place December 2002.

Action: No Action Taken

#### **ADJOURNMENT**

Mayor Kennedy adjourned the special meeting at 5:54 p.m.

MINUTES PREPARED BY:	
IRMA TORREZ, CITY CLERK	

Submitted for Approval: September 18, 2002

#### CITY OF MORGAN HILL SPECIAL CITY COUNCIL MEETING MINUTES - SEPTEMBER 4, 2002

#### **CALL TO ORDER**

Mayor Kennedy called the meeting to order at 6:00 p.m.

#### ROLL CALL ATTENDANCE

Present: Council Members Carr, Chang, Tate, Sellers and Mayor Kennedy

#### **DECLARATION OF POSTING OF AGENDA**

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

#### **PUBLIC COMMENT**

Mayor Kennedy opened the floor to public comment for items not appearing on the agenda. No comments were offered.

#### **CLOSED SESSIONS:**

Mayor Kennedy announced the following closed session item:

1.

#### **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

Authority: Government Code section 54956.9(a)

Case Name/Number: City of Morgan Hill et al. v. CalPERS: OAH No. 5119

Court: Board of Administration, California Public Employees' Retirement

System

Attendees: City Council, City Manager, City Attorney

#### **OPPORTUNITY FOR PUBLIC COMMENT**

Mayor Kennedy opened the closed session to public comment. No comments were offered.

#### ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to closed session at 6:02 p.m.

#### **RECONVENE**

Mayor Kennedy reconvened the meeting at 7:12 p.m.

City of Morgan Hill Special and Regular City Council and Special Redevelopment Agency Meeting Minutes September 4, 2002 Page - 2 -

#### **CLOSED SESSION ANNOUNCEMENT**

City Attorney Leichter indicated that this closed session item would be considered upon the conclusion of the Special & Regular and Special Redevelopment Agency Agenda.

#### RE ADJOURN TO CLOSED SESSION

Mayor Kennedy announced that the City Council would be adjourning to closed session to conclude its discussion of the closed session item listed above. He adjourned the meeting to closed session at 11:18 p.m.

#### **RECONVENE**

Mayor Kennedy reconvened the meeting at 12:11 p.m.

#### **CLOSES SESSION ANNOUNCEMENT**

Mayor Kennedy announced that no reportable action was taken in closed session.

#### **ADJOURNMENT**

There being no further business, Mayor Kennedy adjourned the meeting at 12:12 p.m.

# IRMA TORREZ, City Clerk

MINUTES RECORDED AND PREPARED BY

**Submitted for Approval: September 18, 2001** 

#### CITY OF MORGAN HILL JOINT SPECIAL AND REGULAR REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MEETING MINUTES - AUGUST 28, 2002

#### CALL TO ORDER

Chairperson/Mayor Kennedy called the meeting to order at 5:30 p.m.

#### ROLL CALL ATTENDANCE

Present: Chairman/Mayor Kennedy, Agency/Council Members Carr, Chang, Tate, Sellers

#### **DECLARATION OF POSTING OF AGENDA**

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

### City Council and Redevelopment Agency Action

#### ECONOMIC DEVELOPMENT STRATEGY WORKSHOP

City Manager/Executive Director Tewes presented the staff report.

Director of Business Assistance and Housing Services Toy presented the results of the questionnaire distributed to Council/Agency Members, ranking the top ten Economic Development activities in order of priorities, policies and allocation of funding.

Chairman/Mayor Kennedy stated that he would like to undertake a global approach toward economic development. He felt that the Council/Agency has to agree on identified goals and that the goals previously addressed may not be the right goals today. Before discussing activities, he recommended that the Council/Agency identify goals.

Council/Agency Member Sellers agreed that goals need to be identified.

Council/Agency Member Tate stated that he would call these "areas of activities."

Chairman/Mayor Kennedy identified his economic goals as follows: 1) bring in point of sale businesses/expansion (expand city's revenue strain). 2) Bring in businesses that are lacking in the community to capture outfall sales tax dollars and shopping in the community. 3) Remove obstacles to economic development (e.g., seismic problems in buildings that result in buildings sitting in blight and not proceeding with development); and 4) address issues of health & safety, security, police,

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safety, jobs, etc.

Council/Agency Member Sellers stated that he would combine the first two goals as identified by Mayor/Chairman Kennedy, expanding economic development in areas not captured to date in order to capture sales tax.

Council/Agency Member Tate felt that a goal should be to retain and recruit businesses.

Council/Agency Member Sellers felt that expansion of businesses is as important as retaining and bringing in new businesses.

Mayor/Chairman Kennedy inquired whether the City should focus on all three: expansion, retention and recruitment of new businesses?

Council/Agency Member Tate felt that the Council needs to prioritize activities.

Mayor Pro Tempore/Agency Member Carr said that Mayor/Chairman Kennedy identified goals as a starting point. He felt that the expansion of a City revenue stream should be conducted in a balanced way. The City should have a diversified revenue stream so that the City is not subject to the ebb and flow of economic situations. He supported bringing in businesses to Morgan Hill that are lacking in the community and to the existing business community. He recommended that obstacles be removed that inhibit economic development. He felt that the Council/Agency needs to identify obstacles.

Council Member/Vice-chairwoman Chang inquired whether there would be discussion as to the type of sales taxes that should be generated as part of economic development?

Mayor/Chairman Kennedy said that it has been his assumption that the City needs sales tax revenue. He felt that the City needs to focus on sales tax revenue because this is where the city receives ½ of its general fund.

Council Member/Vice-chairwoman Chang felt that the City could attract sales tax and industry. However, industry prospects need to be attracted. With the limited amount of resources, she recommended that retail businesses be attracted because of the direct tax benefit versus indirect taxes generated by other types of businesses.

Council/Agency Member Sellers said that he did not want to get into a cycle where the Council is reactionary. He recommended that the Council focus on emerging technology as we have the biggest business park in the area. He felt that it would be easier and smarter to accelerate something that is already coming into the City and that it does not necessarily have to be retail oriented but a business that enhances economic development activities.

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Mayor/Chairman Kennedy said that the Council/Agency needs to have this discussion and be clear on what it wants.

Mayor/Chairman Kennedy opened the floor to public comment.

Laura Brunton said that the Council needs to determine how proactive it wants to be in recruiting businesses. She felt that this needs to be determined before moving forward.

Alex Kennett felt that a global approach needs to be taken so that the City knows which way it wants to go. He indicated that the Chamber of Commerce is awaiting Council/Agency direction. He said that the Chamber's Economic Development Plan does not address specifics because the Chamber does not know which direction the Council is heading. He felt that retention, recruitment and improvements to businesses needs to occur simultaneously to achieve balance. He felt that it should be a goal to have individuals live, work and shop in Morgan Hill.

Mayor Kennedy inquired whether staff has a process in mind regarding goals and policy statements?

Mr. Toy responded that it would be helpful to have global policies identified by the Council/Agency in order to help staff get started with the framework. Staff provided the Council/Agency with an outline of Economic Development that could serve as a guide for the Council/Agency. He recommended Council/Agency consensus be given on which goals should be retained or set aside.

Council/Agency Member Tate said that economic development is being focused on by the Council/Agency and not a committee as has been done with other issues such as Measure P. He felt that an analysis would help the Council/Agency make decisions and that having community input was important.

Council Member/Vice-chairwoman Chang inquired whether Council/Agency Member Tate was suggesting a 19-member visioning committee be established for economic development?

Council/Agency Member Tate responded that he did not have expertise on economic development and that he would like to have assistance from the experts.

Sunday Minnich said that the Chamber of Commerce is putting their marketing plan together by looking at the existing zoning. She stated that the Chamber of Commerce would like to market Morgan Hill. Her idea of marketing is having the City identify incentives that would attract businesses. She said that an economic development strategy has not been put together by city staff and that it is now being discussed based on their marketing strategy. She felt that the existing business park should have some idea as to the businesses that would locate there.

Council Member/Vice-chairwoman Chang stated that the Council/Agency needs to review economic goals and that she was pleased that the Council/Agency is discussing an economic development

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strategy. She said that one goal may be to attract a business that generates tax revenue. She felt that Council/Agency Member Tate's suggestion of having a goal setting workshop may be a good suggestion and that the Council/Agency can move forward following the workshop.

Mayor/Chairman Kennedy said that in looking at staff's policy statements, the Council/Agency has a list to start with. He stated that he would like to review goals and study the policies to see what makes sense.

Alex Kennett felt that the Council/Agency needs to take a proactive role and that whatever it agrees to do, that they be pursued. He said that discussion of funding may need to be addressed. He felt that the first goal should be to come up with a dollar figure over a period of time.

Mayor/Chairman Kennedy did not know how a budget can be identified if the City does not know what direction it will be headed.

Mr. Kennett noted that the Council just completed a General Plan update and that the Council knows how much money is needed over a period of time to meet the General Plan. The City also knows zoning and what figures would be needed to sustain the zoning. He felt that the Council needs to identify other tax sources and that funding should be based on needs, working against projected deficits.

Joe Mueller said that the Council needs to identify how much general fund dollars will be needed over the next five years in order to provide services. He felt that certain funds can be projected and that shortfalls can be filled by growth, jobs, etc. He said that the Council/Agency needs to set high level objectives that can be attained. The Council will then know how many businesses will be needed (e.g., point of sale or other means of fund generation such as indirect).

Council/Agency Member Sellers felt that there was a fundamental issue that needs to be addressed, that being the direction that the community wants to go. He said that sales tax dollars can be captured by giving auto dealerships, Costco or other businesses financial incentives. He felt that the diversity equation is the statement of what we are as a community. He said that the Council can increase the number of hotels in the community but that the increase may impact existing businesses.

Mayor/Chairman Kennedy said that a goal for him is what the community wants the city to be. He felt that the Council/Agency needs to make sure that it is able to fund programs (e.g., recreation programs). He did not know if the issues that are important to the Council/Agency are those important to the community.

Council Member/Vice-chairwoman Chang noted that a survey was conducted that addressed where the community wants to see industrial parks built. However, she felt that the information may be outdated.

Mayor/Chairman Kennedy inquired whether a cost analysis was needed in order to determine the funding necessary to achieve the General Plan goals and objectives?

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Mayor Pro Tempore/Agency Member Carr said that some studies were conducted as part of the General Plan Update.

Mr. Mueller said that from an infrastructure stand point, cost analyses were performed but not for the operating plan as it relates to the General Plan.

Mayor Pro Tempore/Agency Member Carr felt that the Council/Agency studied what it would take to meet the General Plan when staff brought budget proposals for Council consideration. Also, the Council has reviewed the rates for the recreation facilities to be built.

Mayor/Chairman Kennedy felt that the impact fees and RDA visioning projects are capital funds. Economic development is revenue that would assist in meeting community objectives. He said that the budget process determines whether the City would be able to operate all of its facilities. A five-year projection shows that there is a gap of \$2.5 million five-years out. He felt that a primary purpose of economic development is to raise funds to achieve community objectives.

Council/Agency Member Tate felt that Mayor/Chairman Kennedy was being inclusive of the entire community.

Mayor/Chairman Kennedy clarified that his goal would include affordable housing, transit development, etc.

Council Member/Vice-chairwoman Chang felt that every project approved by the City should have a return on investment.

City Manager/Executive Director Tewes indicated that the City does not have economic development incentives (financial assistance) in place and that businesses do not want to pay the rates being requested by property owners.

Council Member/Vice-chairwoman Chang recommended that assistance be given to businesses if they generate a certain level of revenue for the City. She felt that quality of life is an important issue. She recommended that the Council/Agency identify the goals that are of priority as the ones presented by staff appear to be good goals.

City Manager/Executive Director Tewes said that there needs to be clarity on Council/Agency goals. He noted that the Council/Agency has indicated an interest in beginning its strategy by means of a workshop.

Mayor/Chairman Kennedy requested that staff develop goals as a result of the discussion undertaken this evening and that a follow up meeting take place.

Council/Agency Member Sellers summarized the Council/Agency goals as discussed this evening as follows: sales taxes to be captured, identify leakages, expand existing businesses, identify future opportunities, maintain a healthy downtown, market the City, and maintain economic diversity

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without sacrificing quality of life

Mayor/Chairman Kennedy and Council Member/Vice-chairwoman Chang felt that the removal of obstacles needs to be addressed.

Mayor Pro Tempore/Agency Member Carr concurred with Council/Agency Member Sellers' comments and felt that there is a broader overall goal. He felt that economic development is a goal that is needed in order to strengthen the General Fund and that it has to be done correctly in order to provide a diverse stream of revenue, looking at attracting businesses that will continue to grow. He said that he needs to know what businesses are looking for so that the Council/Agency can discuss these needs. He said that he did not identify funding in the survey because he did not know if they were of value to the City. He stated that he needs to understand the tools needed by businesses. Also, the Council/Agency needs to determine which businesses it would like to recruit and understand associated impacts.

Mayor/Chairman Kennedy requested that staff return with goal statements and how the policies/activities relate to these goals.

Council Member/Vice-chairwoman Chang felt that other criteria needs to be considered such as enhancement of schools, medical facilities, etc.

Council/Agency Member Sellers felt that the Council/Agency needs to create a strong community to achieve strong economic development.

Mayor Pro Tempore/Agency Member Carr stated that economic development does not only apply to business attraction.

Action:

It was the consensus of the Council/Agency to <u>direct</u> staff to return with an economic development strategy, developing policies/goals based on comments expressed this evening.

#### **CLOSED SESSIONS:**

Agency Counsel/City Attorney Leichter announced the below listed closed session items, indicating that closed session item 1 has been reduced to one closed session item.

1

#### **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Significant Exposure to Initiation of Litigation

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases:

2

#### CONFERENCE WITH LEGAL COUNSEL - POTENTIAL AND EXISTING LITIGATION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Legal Authority: Government Code 54956.8 & 54956.9(a) & (c) (1 potential case)

Real Property(ies) involved: APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of

Cochrane Road (St. Louise Hospital property)

City Negotiators: Agency Members; Executive Director; Agency Counsel; F. Gale Conner,

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special counsel; Rutan & Tucker, special counsel

Case Name: San Jose Christian College v. City of Morgan Hill Case Numbers: Ninth Circuit Court of Appeal No. 02-15693

Closed Session Topic: Potential Existing Litigation/Real Estate Negotiations

3.

#### CONFERENCE WITH LEGAL COUNSEL - REAL PROPERTY NEGOTIATOR

Legal Authority: Government Code 54956.8

Real Property Involved: APNs 773-06-008 & 009, 905 West Main Avenue, 24.54 acres

Negotiating Parties:

For City/Agency: City Manager/Executive Director; City Attorney/Agency Counsel;

Director of Business Assistance & Housing Services

For Property Owners: Virginia Acton 1993 Trust
Closed Session Topic: Acquisition of Real Property

4.

#### CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code section 54956.9(a)

Case Name/Number: City of Morgan Hill et al. v. CalPERS; OAH No. 5119

Court: Board of Administration, California Public Employees' Retirement System

5.

#### **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

Authority: Government Code section 54956.9(a)

Name of Case: Hacienda Valley Mobile Estates v. City of Morgan Hill

Case No.: 02-15986

Attendees: City Attorney, City Manager, Director of Business Assistance and

**Housing Services** 

#### **OPPORTUNITY FOR PUBLIC COMMENT**

Chairperson/Mayor Kennedy opened the closed session items to public comment. No comments were offered.

#### ADJOURN TO CLOSED SESSION

Chairperson/Mayor Kennedy adjourned the meeting to closed session at 6:40 p.m.

#### **RECONVENE**

Chairman/Mayor Kennedy reconvened the meeting at 7:10 p.m.

#### **CLOSED SESSION ANNOUNCEMENT**

Agency Counsel/City Attorney Leichter announced that closed sessions were continued to the end of the regular meeting agenda items.

#### **CALL TO ORDER**

Mayor Kennedy introduced Steven Rick, a student at Jackson School, who chose to be Mayor for the Day as a winner in the City of Morgan Hill's Website Contest.

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Mayor for the Day Steven Rick called the meeting to order.

#### **SILENT INVOCATION**

#### PLEDGE OF ALLEGIANCE

Mayor for the Day Steven Rick led the Pledge of Allegiance.

#### **PROCLAMATION**

Mayor Kennedy presented Steven Rick a proclamation to formally recognize him as Mayor for the Day and expressed the City's sincere appreciation for his participation in the Website Contest and his interest in City government.

#### **PRESENTATIONS**

Bill Brown, Morgan Hill Community Health Foundation, introduced Doctors Maria and Brian Gilpin, two new obstetrician physicians who moved into the area and who are the first new tenants of the former St. Louise Hospital medical facility located on Cochrane Road. He indicated that the medical office building is open. However, the Foundation is still away from being able to reopen the hospital but that the Foundation is doing positive things to enable the hospital to reopen. He informed the Council that there will be a consecration ceremony for the hospital to be held next month by the Daughters of Charity. He said that the Foundation anticipates that in late October, a public health fair will be held where the community will be able to gather at the facility. He stated that the Foundation Board has been busy and is currently working with the Daughters of Charity in the establishment of a community foundation that will be representative of the hospital and the community. It is the intent to have this committee plan and make additional medical services in Morgan Hill possible.

Dr. Brian Gilpin said that he and his wife are happy to be in this community and are excited about the future.

Dr. Maria Gilpin thanked the City Council for making her feel welcome and for its support.

#### **CITY ATTORNEY'S REPORT**

#### **CITY MANAGER'S REPORT**

#### **PUBLIC COMMENT**

Chairperson/Mayor Kennedy opened the floor to comments for items not appearing on this evening's agenda. No comments were offered.

#### **CONSENT CALENDAR:**

### Redevelopment Agency Action

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Action:

On a motion by Agency Member Sellers and seconded by Agency Member Tate, the Agency Board unanimously (5-0) <u>approved</u> Consent Calendar Item 2 as follows:

2. <u>JULY 2002 FINANCE AND INVESTMENT REPORT</u>

<u>Action: Accepted and Filed Report.</u>

## City Council Action

Council Member Tate requested that Items 4 and 5 be removed from the Consent Calendar as he would be abstaining from these two items.

Action: On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) approved Consent Calendar Item 3 as follows:

# 3. <u>APPROPRIATION OF FUNDS AND AMENDMENT TO PROFESSIONAL SERVICES CONTRACT FOR DESIGN OF THE MAIN AVENUE/UNION PACIFIC RAILROAD IMPROVEMENT PROJECT</u>

<u>Action:</u> <u>Approved</u> Appropriation of \$26,900 From Current Year Unappropriated Traffic Impact Fund Balance for this project; <u>Approved</u> an Amendment to the Consultant Agreement with Rajappan & Meyer Increasing the Contract Amount by \$26,900; and <u>Authorized</u> the City Manager to Execute the Amendment to Agreement.

Action:

On a motion by Mayor Pro Tempore Carr and seconded by Council Member Sellers, the City Council, on a 4-0-1 vote with Council Member Tate abstaining, <u>approved</u> Consent Calendar Items 4 and 5 as follows:

- 4. MINUTES FOR SPECIAL CITY COUNCIL MEETING, AUGUST 16, 2002

  Action: Approved the minutes as written.
- 5. <u>MINUTES FOR SPECIAL CITY COUNCIL MEETING, AUGUST 16, 2002</u> *Action: Approved* the minutes as written.

#### **OTHER BUSINESS**

# Redevelopment Agency and City Council Action

# 6. REQUEST FROM MORGAN HILL AQUATIC CENTER, INC. REGARDING BRICK FUND-RAISING CONCEPT

Geno Acevedo informed the Agency/Council that the Morgan Hill Aquatic, Inc. Foundation is looking to conduct a fundraiser similar to what was done at Villa Miramonte by selling bricks that would be installed at the aquatic center. It is proposed to sell the bricks from \$100 to \$200 and that the proceeds would go toward the aquatic center.

Mayor/Chairman Kennedy said that the reason the City needs to participate in the fundraising request is due to the location of the bricks. If the bricks are located in a prominent place, he felt that

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individuals would be more inclined to purchase the bricks. If approved, the bricks would need to be included in the design of the aquatic center.

Mr. Acevedo said that it is proposed to proceed in phases. The first phase to be the initial offering to purchase bricks before the aquatic center is built. Additional bricks would be sold after the opening of the aquatic center.

Council/Agency Member Sellers felt that selling of bricks may make sense as well as incorporating them into the design of the aquatic center. He felt that the pool area may offer another opportunity for tiles to be sold.

Mr. Acevedo indicated that another potential fundraising activity would be to have lane sponsorship with a brick or tile being placed at the starting block. He indicated that the Aquatic Center, Inc. Foundation is looking at the brick fundraising concept at this time but that other fundraising efforts can be undertaken in other phases.

Council/Agency Member Tate stated his support of the concept. He inquired why this concept is coming from the Aquatic Center, Inc. Foundation because it was his belief that the Council set up the Morgan Hill Community Foundation as the City's single channel of sponsorship for fundraising of public facilities. He inquired why the brick fundraising is being requested by the Aquatic Center, Inc. Foundation and not the Community Foundation?

Mayor/Chairman Kennedy indicated that the Aquatic Center, Inc. Foundation and the Morgan Hill Community Foundation met to discuss the formation of the foundation. He said that it was his belief that the aquatic center and its annual operating budget would be close to \$1 million. The aquatic users wanted to have a foundation in place who would be able to manage the facility.

John Rick said that the board of the Morgan Hill Community Foundation and the board of the Aquatic Center, Inc. Foundation met to discuss the timing and the need for the dollar amount of funds to be raised. He stated that both parties walked away from the table wanting to support each other and were fully aware of each others role in the community. He said that it would be great to have the Community Foundation on board to help with the proposed fundraising event but understands that the Community Foundation has a wide range of projects that it would like to raise funds within the community as well.

Council/Agency Member Sellers said that if the Council/Agency wants to make a donation toward an effort and donate funds to the Community Foundation, he said that every dollar would go directly to the effort so designated.

Council/Agency Member Tate stated that it was his belief that an agreement had been reached that the Aquatic Center, Inc. Foundation would have an arrangement with the Community Foundation to channel all their specific fundraising efforts directly into the Aquatic Center, Inc. Foundation financing.

Mayor/Chairman Kennedy stated that he did not recall the Council/Agency taking a position on the particular point that funding would flow through the Morgan Hill Community Foundation. He felt

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that the fundraising capability of the Aquatic Center, Inc. Foundation is specific and to have it flow through the Community Foundation may impose a restriction that would slow down the process.

Council/Agency Member Tate felt that this action would open the doors to anyone who wants to form a foundation and seek Council/Agency support. It was his belief that the Morgan Hill Community Foundation was established to channel fundraising efforts.

Mayor/Chairman Kennedy felt that it was clear that the Community Foundation was global and would be the umbrella foundation. However, he did not believe that the Community Foundation needs to preclude other foundations from forming and raising funds.

Council/Agency Member Tate agreed that the Community Foundation would not preclude other foundations from forming. He recommended that the Council/Agency adopt a clear policy direction on this issue.

Council Member/Vice-chairwoman Chang said that it was her belief that the Council/Agency has to support the request because the bricks would be installed as part of the aquatic center.

Council/Agency Member Tate stated that it was his belief that the Community Foundation was formed to make it the only vehicle to support all of the City's public projects.

Mayor Pro Tempore/Agency Member Carr agreed that this is a policy decision that needs to be discussed, but not this evening. He felt that the Aquatic Center, Inc. Foundation is ahead of the Community Foundation in terms of being established, organized, and prepared to undertake a fundraising effort. He stated that he did not want to slow them down. He agreed that this is a bigger discussion for the Council/Agency because it does not want a different foundation for each one of its public projects. He felt that the Council/Agency should be able to get behind a foundation and have it be an umbrella organization that works with other organizations that are working toward specific needs. He felt that the Aquatic Center, Inc. Foundation is ahead of the Community Foundation and that this body should not slow them down in anyway this evening. He felt that this is a bigger policy discussion for the Council/Agency to have at a later date.

Council/Agency Member Sellers stated that everyone is supportive of the effort. He felt that the differences in the organizations were more significant a few years or months ago when the foundations first sat down together. He said that the Aquatic Center, Inc. Foundation is a smaller, more focused organization and that the Community Foundation would be a much larger organization. He encouraged continued dialogue in order to figure out ways that the Community Foundation can help further the aims of the Aquatic Center, Inc. Foundation.

Mr. Rick said that in meeting with the Community Foundation, it was found that this Foundation has broad reaching objectives and an infinite time horizon. He felt that the aquatic center was on a fast track toward development and that it would require funding, noting that it will have a large operating budget. He said that the aquatic center is dealing with a time specific task versus those of the Community Foundation.

Action: On a motion by Council/Agency Member Tate, and seconded by Mayor Pro

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Tempore/Agency Member Carr, the City Council unanimously (5-0) <u>Endorsed</u> the brick fundraising concept.

### City Council Action

# 1. <u>APPOINTMENT TO VALLEY TRANSPORTATION AUTHORITY'S (VTA) SOUTH COUNTY ROADWAY POLICY ADVISORY BOARD</u>

Mayor Kennedy indicated that this Board started as the South County Expressway Study Board and that it was under the Santa Clara County auspices. He said that it has been turned over to the VTA Board of Trustees. He stated that he would like to continue to serve on this Board.

Action:

On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) <u>Appointed</u> Mayor Kennedy to be the City's Representative to the VTA South County Roadway Policy Advisory Board (PAB).

#### **CLOSED SESSION**

#### **OPPORTUNITY FOR PUBLIC COMMENT**

Chairperson/Mayor Kennedy opened the continued closed session items to public comment. No comments were offered.

#### ADJOURN TO CLOSED SESSION

Chairperson/Mayor Kennedy adjourned the meeting to closed session at 7:35 p.m.

#### **RECONVENE**

Chairperson/Mayor Kennedy reconvened the meeting at 8:00 p.m.

#### **CLOSED SESSION ANNOUNCEMENT**

Agency Counsel/City Attorney Leichter announced that no reportable action was taken in closed session.

#### FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

#### **ADJOURNMENT**

There being no further business, Chairperson/Mayor Kennedy adjourned the meeting at 8:01 p.m.

#### MINUTES RECORDED AND PREPARED BY

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# IRMA TORREZ, City Clerk/Agency Secretary

#### CITY OF MORGAN HILL JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES - SEPTEMBER 4, 2002

#### **CALL TO ORDER**

Mayor/Chairperson Kennedy called the meeting to order at 6:00 p.m.

#### **ROLL CALL ATTENDANCE**

Present: Council/Agency Members Carr, Chang, Tate, Sellers and Mayor/Chairperson

Kennedy

#### **DECLARATION OF POSTING OF AGENDA**

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

## City Council and Redevelopment Agency Action

#### **CLOSED SESSIONS:**

Mayor Kennedy announced the following closed session items.

1.

#### PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code 54957

Public Employee Performance Evaluation: City Manager

Attendees: City Council. City Manager

2.

#### CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant Exposure to Initiation of Litigation

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 2

3.

#### <u>CONFERENCE WITH LEGAL COUNSEL - POTENTIAL AND EXISTING LITIGATION:</u> CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Legal Authority: Government Code 54956.8 & 54956.9(a) & (c) (1 potential case)

Real Property(ies) involved: APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of

Cochrane Road (St. Louise Hospital property)

City Negotiators: Agency Members; Executive Director; Agency Counsel; F. Gale Conner,

special counsel; Rutan & Tucker, special counsel

Case Name: San Jose Christian College v. City of Morgan Hill Case Numbers: Ninth Circuit Court of Appeal No. 02-15693

Closed Session Topic: Potential Existing Litigation/Real Estate Negotiations

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#### **EXISTING LITIGATION:**

Case Title: Kennedy et al. v. Davis et al.

Case Name/No.: Santa Clara County Superior Court Case No. CV 803679

#### **OPPORTUNITY FOR PUBLIC COMMENT**

Mayor/Chairperson Kennedy opened the closed session items to public comment. No comments were offered.

#### **ADJOURN TO CLOSED SESSION**

Mayor/Chairperson Kennedy adjourned the meeting to closed session at 6:02 p.m.

#### RECONVENE

Mayor/Chairperson Kennedy reconvened the meeting at 7:12 p.m.

#### **CLOSED SESSION ANNOUNCEMENT**

Mayor/Chairman Kennedy announced that the Council conducted a closed session regarding the Public Performance Evaluation of the City Manager, indicating that no action was taken in closed session. He stated that the Council/Agency would reconvene the closed session following the regular open session.

Mayor Kennedy announced that Lauren Spicer would be serving as Honorary Mayor of the Day this evening. He indicated that Ms. Spicer is a fourth grade student who participated in the City's Website Design contest, being one of the five contest winners.

#### SILENT INVOCATION

Ms. Spicer sang a song she wrote regarding September 11, 2001.

#### PLEDGE OF ALLEGIANCE

"Honorary Mayor for the Day" Lauren Spicer led the Pledge of Allegiance.

#### **PROCLAMATIONS**

Mayor Kennedy presented a proclamation to Ms. Lauren Spicer, proclaiming her "Honorary Mayor for the Day," September 4, 2002.

Mayor Kennedy read the Proclamation declaring September 11, 2002 as Patriot Day. He announced that two ceremonies are planned for September 11, 2002 in recognition of Patriot Day as follows: 1) 12:00 p.m. at the flag pole located at City Hall, and 2) and a multi faith ceremony to be held at 7:00 p.m. at St. Catherine's Parish Hall.

#### **CITY COUNCIL REPORT**

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Council Member Tate reported on the Measure P Update Committee. He said that Measure P dictates the number of residential structures that are to be built every year. At the time of the update of the Housing Element of the General Plan, the City came up against the fair share allocations handed down by the Association of Bay Area Government (ABAG). ABAG found that the City's Housing Element, out to 2006, was about 235 units short. He indicated that the City tried to argue that the growth control ordinance should exempt the City from these units. However, ABAG did not accept this argument. He said that the City indicated that it would like to see if there is a way to modify the growth control ordinance in a way that would allow the City to meet the 235 target. As the Measure P Update Committee was going to look at the growth control ordinance, the City would study the ordinance to see what other changes would be appropriate. He said that the Council wanted to get a broad community representation to take a look at the ordinance as it is a voterinitiated ordinance. It is the City's hope that proposed changes would be supported by voters. A 19-member committee has been established with representatives from the community. He indicated that Mayor Pro Tempore and he are heading up this committee. He said that two meetings have been held and that at last night's meeting, approximately 100 different ideas were raised by committee members and guests. The Committee will be meeting again as a public hearing. He encouraged the public to attend this meeting as the Council would like the broadest possible representation from the community to hear citizen ideas in terms of changing the growth control ordinance. He said that the Committee would like to reach a consensus on proposed changes to the growth control ordinance. The proposed changes would be put into the language that would be included in the initiative as part of the November 2004 ballot for public ratification.

Council Member Tate indicated that he is the Council's representative to the Library Commission and serves on the Santa Clara County Library Joint Powers Authority. He stated that he not only works with city and county staff but with the nine member Library Commission and with Librarian, Sarah Flower, who oversees the local library. He stated that he recently learned that Ms. Flower would be retiring at the end of September and that he would miss her. He said that Ms. Fuller will be attending the Library Commission meeting Monday, September 9 and invited the public to attend the meeting to celebrate her retirement. Although she is retiring from the library, she would continue to work on the Boys Ranch project.

#### **CITY MANAGER'S REPORT**

City Manager Tewes reported that the State budget has been adopted and signed by the Governor after two months of delay. He said that the good news is that the proposal that would have reduced local government revenues by shifting resources did not get included in the final budget. The bad news is that there is still concern about the on going long term structural problems facing the State. Therefore, future budgets may still have the potential to adversely impact local revenues and services. He said that the Redevelopment Agency (RDA) was subject to a provision of the State budget that affects the cash flow of the RDA but not the overall tax increment flow. He indicated that the Council has requested that he report to them from time to time on the status of the City's revenue and expenditure projections. He said that staff would be returning with a formal report soon. He stated that the City has yet to see strong signs of economic recovery in Silicon Valley and Morgan Hill. He noted that the Council conducted a workshop on economic development and gave staff the assignment of returning with proposed goals and policy statements that might reflect the discussion held by the Council at the workshop. He indicated that staff would be returning to the

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Council on September 18.

#### **CITY ATTORNEY'S REPORT**

City Attorney Leichter indicated that the monthly litigation summary has been distributed, noting that litigation cases have dropped from 14 to 12 cases this month.

#### **OTHER REPORTS**

None.

#### **PUBLIC COMMENT**

Mayor/Chairperson Kennedy opened the floor to comments for items not appearing on this evening's agenda. No comments were offered.

### City Council Action

#### **CONSENT CALENDAR:**

Council Member Tate requested that Consent Item 9 be removed from the Consent Calendar.

Action:

On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) <u>approved</u> Consent Calendar Items 1-8 as follows:

# 1. RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) 2002 QUARTERLY REPORT NUMBER 3

Action: Accepted and Filed the RDCS Third Quarter Report.

# 2. <u>SUBDIVISION APPLICATION SD-02-02: COCHRANE-COYOTE ESTATES</u> <u>Action: Took No Action</u>, Thereby Concurring With the Planning Commission's Decision Regarding Approval of the Subdivision Map.

### 3. <u>SUBDIVISION AMENDMENT: SDA-00-15: HALE-DELCO (SHENG)</u>

<u>Action</u>: <u>Took No Action</u>, Thereby Concurring With the Planning Commission's Decision Regarding Approval of the Subdivision Map Amendments.

#### 4. SKATE PARK RELOCATION SURVEY

<u>Action:</u> <u>Accepted</u> Report of a Survey Regarding the Future Relocation of the Temporary Skate Park.

5. <u>ESTABLISHMENT OF ADDITIONAL BUILDING INSPECTOR POSITION AND PUBLIC SAFETY DISPATCHER POSITION FOR LIMITED PERIOD BECAUSE</u>
OF UNUSUAL CIRCUMSTANCES

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<u>Action:</u> 1) <u>Established</u> Additional Building Inspector Position and Public Safety Dispatcher Position For Limited Period; 2) <u>Appropriated</u> \$72,302 in the Community Development Fund (206) for Fiscal Year 2002/2003; and 3) <u>Appropriated</u> \$64,492 in the General Fund (010) for Fiscal Year 2002/2003.

#### 6. <u>APPROVAL OF IMPROVEMENT AGREEMENT WITH RICHARD A. RAYNES,</u> ROBERT C DOBKIN, AND KATHLEEN C. DOBKIN FAMILY TRUST

<u>Action:</u> 1) <u>Approved</u> the Improvement Agreement, Subject to Review by the City Attorney; and 2) <u>Authorized</u> the City Manager to Sign the Agreement on Behalf of the City With the Richard A. Raynes, Robert C. Dobkin, and Kathleen C. Dobkin Family Trust.

#### 7. CHANGE ORDER APPROVAL FOR ADDITIONAL WORK ON THE 2001/2002 ROADWAY REPAIR AND SLURRY SEAL PROJECT

<u>Action:</u> <u>Approved</u> Change Order in the Amount of \$76,315.00 From the 2002/2003 Pavement Rehabilitation Project for Additional Work on the 2001/2002 Roadway Repair and Slurry Seal Project by Contractor Silicon Valley Paving.

# 8. <u>ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9158, THE</u> VILLAS PHASE II SUBDIVISION - Resolution No. 5611

<u>Action:</u> 1) <u>Adopted</u> Resolution 5611 Accepting the Subdivision Improvements Included in Tract 9158, Commonly Known as The Villas Phase II; and 2) <u>Directed</u> the City Clerk to File a Notice of Completion With the County Recorder's Office.

#### 9. <u>AMENDMENT TO THE MANAGEMENT RESOLUTION</u> - Resolution No. 5612

Council Member Tate stated that he was supportive of this important and critical new position. He inquired whether the salary range being recommended would be sufficient to attract the most qualified licensed architect that is needed by the City of Morgan Hill.

Human Resources Director Fisher stated that staff completed a salary survey for this position, taking the market information with internal information. She said that the proposed salary range seemed to be appropriate for this position. She used information provided by other cities who have licensed architects as employees.

Mayor Kennedy indicated that it has been his experience that these are competitive rates for architects. He wanted to make sure that someone comes on board with the right skill sets and experience in construction with large buildings as the city has critical projects that will be constructed. He indicated that he would be willing to assist staff with any advise that he can offer.

Action:

On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) <u>Adopted</u> Resolution No. 5612, Amending the Management, Professional and Confidential Employees Resolution 5571 to Assign A New Job Description and Salary Range for Position of Senior Project Manager/Community Buildings.

# City Council and Redevelopment Agency Action

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Action:

On a motion by Council/Agency Member Sellers and seconded by Mayor Pro Tempore/Agency Member Carr, the City Council/Agency Board unanimously (5-0) <u>approved</u> Consent Calendar Items 10 as follows:

# 10. SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF AUGUST 21, 2002

Action: Approved the minutes as written.

#### **PUBLIC HEARINGS:**

### City Council Action

# 11. <u>DEVELOPMENT AGREEMENT DA 02-02: COCHRANE-COYOTE ESTATES</u> - Ordinance No. 1583, New Series

Director of Community Development Bischoff presented the staff report.

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action:

On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) <u>Waived</u> the Reading in Full of Ordinance No. 1583, New Series.

Action:

On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) <u>Introduced</u> Ordinance No. 1583, New Series, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA-02-02: COCHRANE-COYOTE ESTATES FOR APPLICATION MP 01-02: COCHRANE-COYOTE ESTATES (APN 728-43-020) by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

#### 12. <u>ZONING AMENDMENT APPLICATION ZA-01-23: COCHRANE IN-N-OUT</u> BURGER - Resolution No. 5613

Director of Community Development Bischoff presented the staff report, addressing parking, traffic circulation/study and the concerns relating to the proposed fast food use on the site. He addressed the original uses adopted with the Planned Unit Development (PUD). In its review, the Planning Commission felt that the acre site may be too small for a sit down restaurant. He indicated that the Planning Commission felt that with the mitigations proposed for traffic circulation and other conditions that the use would be acceptable at this location. Regarding site plan issues, the Planning Commission expressed concern with a 35-foot wide drive aisle easement and felt that it was unnecessarily wide, encouraging fast moving traffic. The Planning Commission recommends reduction of the aisle by five feet. He indicated that the easement exists to the benefit of the Chevron

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gas station and would require their approval in order to narrow the aisle's width.

Mr. Bischoff informed the City Council that the applicant is requesting a variance from the minimum landscape standards of the PUD ordinance. He stated that the Planning Commission did not recommend changes to the PUD standards. However, the PUD ordinance does allow the City Council to deviate from the minimum PUD standards if recommended by the Planning Commission with findings. Staff expressed concern that this is a gateway location and that when the PUD was approved, it was recognized and understood that one drive thru type of establishment would be allowed. He said that a drive aisle currently exits as part of the gas station. Also, there was representation that two sit down restaurants would be provided. Staff recommended that the Council maintain the existing PUD.

Mr. Bischoff stated that the applicant has indicated that he would agree to make amendments to the circulation to address some of the concerns but that the applicant would like to preserve a 25-foot wide drive aisle and angled parking. He said that staff is concerned that a 25-foot drive aisle is not needed for one way traffic and that leaving it at 25 feet is inviting a dangerous turning movement. He informed the City Council that the packet contains a draft resolution for denial and a draft ordinance that would accommodate Council approval of the application. Should the Council wish to allow for deviation from the minimum landscape standards required by the PUD ordinance, it would require that findings be made and that staff would need to return with the findings at a later date.

Mr. Bischoff said that the applicant felt that the adjacent site would still be viable for a sit down restaurant and that under their ownership, they would try to find a sit down restaurant on site. He felt that there would be traffic conflicts for both a fast food and a sit down restaurant as peak hours would be the same for both restaurants. He indicated that staff surveyed sit down restaurants and found that smaller chain sit down restaurants such as Applebee's or Olive Gardens use pads of 5,000-7,000 square feet. Staff asked questions about parking demands for sit down restaurants and that staff was advised that during lunch hour peaks, they are looking at a need of 55 parking spaces. Combining both sites, there would be 108 parking spaces available. Staff's study suggests that the In-And-Out Burger would require approximately 50 spaces and a sit down restaurant would require approximately 55 parking spaces for a total of 105 parking spaces. In theory, the 108 parking spaces should be enough for this use and a 5,000 square foot sit down restaurant. He clarified that the PUD amendment request is to allow for a fast food restaurant and one sit down restaurant.

Council Member Tate inquired whether an economic analysis has been performed for the sit down and fast food restaurant alternative?

Mr. Bischoff said that typically, a fast food restaurant is able to pay more for a site versus a sit down restaurant. The economist that staff spoke with suggests that a sit down restaurant would pay 2/3 to 3/4 of what a fast food restaurant would. He stated that he would need to return with a response to the amount of leakage that would occur with another fast food.

Mayor Kennedy said that it was his understanding that the applicant has an agreement with the adjacent property owner of the hotel to the north to use their parking spaces.

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Mr. Bischoff said that he did not believe that staff had this information at the time the Planning Commission heard the request. However, the Planning Commission included a condition that would require a reciprocal parking agreement be obtained.

Mayor Pro Tempore Carr inquired if the current property owner provided an explanation as to why they are interested in selling to a use that they explicitly agreed not to allow?

Director of Business Assistance and Housing Services Toy informed the Council that the property owner marketed the parcels to several restaurants and that the issue was of price and size of the parcels.

Council Member Chang inquired whether the size of the sit down restaurant could be increased to make both uses work on the site?

Mr. Bischoff said that it was his understanding that the 1.5 acre parcel is sufficient for a sit down restaurant. What complicates the issue of the sit down restaurant is that parking on the 1.5 acre parcel is dedicated to the In-And-Out Burger use. Instead of being a 1.5 acre parcel, it results in a 1.25 acre site. It has been found that the site is on the small size but that a 5,000 square foot sit down restaurant could be accommodated but not one much larger based on parking needs. He said that when the PUD was originally proposed, staff had concerns about two restaurant pads as the sites were considered too small. The PUD was ultimately approved with two sit down restaurants as the applicant indicated, at the time, that he could attract two sit down restaurants.

Council Member Sellers inquired if the City pushed for two sit down restaurants as part of the PUD or was it proposed by the developer? Mr. Bischoff said that it was his recollection that the property owner represented that he could build two sit down restaurants and not at the City's urging that two sit down restaurants be included. However, the prospect of two sit down restaurants were viewed as positive by both the Planning Commission and City Council.

Mayor Kennedy opened the public hearing.

Ron Gowrie, representing Tharaldson Development, indicated that the parking agreement has been made with In-And-Out Burger for a shared parking arrangement and that the agreement is registered.

Ron Volle, Northern California Real Estate Manager for In-And-Out Burger, addressed the history and the mission statement of In-And-Out Burger. He indicated that approximately three years ago, he was contacted about locating an In-And-Out Burger restaurant on this site and that staff met him with many objections, stating that the PUD was reserved for two sit down restaurants. He said that he was contacted by the developer of the PUD two-years later recommending that In-And-Out Burger move forward with the application as there were no sit down restaurants interested in locating on the PUD at a time when the market was at its highest and best. He indicated that the price of the property is difficult and that there is not enough property to accommodate a 6,000-8,000 square foot restaurant. However, the site is big enough for his use and one additional 6,000-7,000 square foot restaurant.

Mr. Volle noted that planning staff is recommending denial. He noted that In-And-Out Burger is

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located in a gateway property in Sunnyvale with nice architecture. He provided and illustration of the architectural design that would be appropriate at the PUD site and that he would work with the Architectural Review Board in creating a design that would be beneficial to the City. He stated that he has made all changes requested by the Planning Commission with minor alterations and presented the Council with a site plan of the project. He indicated that the Planning Commission expressed concern that as individuals exit the drive thru lane that they might attempt to make a right turn onto Cochrane in the right turn in only lane. He changed that area to diagonal parking and provided for a one way entrance. He requested that he be allowed to retain the 25-foot drive aisle in case the sit down restaurant user makes a requirement for a two-way street. A one way sign would be installed at the end of the drive through lane, encouraging individuals to go around and not use the right turn in aisle as they exit the site. He indicated that he was not able to relocate the trash enclosure located in the drive aisle as requested by the Planning Commission. Relocating the trash enclosure would result in the elimination of one or two parking spaces, indicating that every parking space is important. He said that trash pick is conducted in early morning hours at time the business is closed and would not impact the business.

Mr. Volle said that staff has indicated that the use would require 50 parking spaces. However, staff failed to mention that its analysis used the two busiest restaurants he has in northern California: Mt. View and Gilroy. He did not believe that these were good comparisons to Morgan Hill as Mt. View has 200,000 people within a three-mile radius and Morgan Hill area has a population of approximately 40,000. Gilroy has a million square feet of retail surrounding the restaurant and they have 12,000 people a day going into the factory outlet, noting that Morgan Hill does not have this as two motels are constructed behind the site. He said that he had another traffic study prepared for two restaurants that are comparable in demographics and in traffic counts (Livermore and Salinas) that resulted in a different conclusion. It was found that the maximum need of parking spaces was 46 parking spaces and not the 50 identified by staff. He noted that there were a total of 108 parking spaces on the entire property. He felt that 46 parking spaces would be adequate and would result in 62 parking spaces for a proposed 5,000-6,000 square foot sit down restaurant. He informed the Council that he has purchased both properties and that it has been his intention to find a quality sit down restaurant. The Planning Commission requested that he obtain a reciprocal parking agreement with the hotels and indicated that he has obtained full reciprocal parking, noting that peak lunch and dinner times are slow times for hotels. Therefore, a sit down restaurant and his use can be accommodated. He requested City Council approval of the project and a minor variance to the landscape area in order to allow for additional berming around the drive thru lane as requested by the Planning Commission.

Mayor Kennedy stated that he met with Mr. Volle prior to the meeting and that it was his understanding that he would be willing to make a sit down restaurant a part of the agreement should the Council approve the zoning amendment application.

Mr. Volle confirmed that he would be willing to make a sit down restaurant a part of the agreement should the City Council approve the application.

Mayor Kennedy felt that an In-And-Out Burger would be a welcomed addition to the community. However, he would only approve the application on the condition that there was an agreement for a sit down restaurant to go in prior to the approval of the In-And-Out Burger.

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Mr. Volle said that the property has not been taken by a sit down restaurant in the last 2.5 years because the price of the land is expensive and there are bonds on the property for improvements that have been completed on Cochrane Road. There are also city fees that are high. He said that there has not been a restaurant that has stepped up to be able to pay these financial conditions for what is believed to be mediocre volumes based upon demographics. However, he would be the owner of both sites and that he would do everything that he could to market and find a sit down restaurant.

Council Member Chang inquired as to the type of sit down restaurant that can be marketed based on the site area and available parking?

Mr. Volle indicated that Applebee's Restaurant provided a foot print that shows a 5,096 square foot facility who was interested in the property months ago but that they decided not to move forward because the property was too expensive for them to buy from Tharaldson Development. He indicated that Tharaldson Development was not willing to give them a reciprocal parking agreement. He stated that he has secured the reciprocal parking agreement on the hotel property, removing this obstacle. He said that he would enter into discussions with Applebee's about their purchasing the property from him. He said that Applebee's is one of a number of other restaurant possibilities.

Council Member Chang inquired whether the sale price could be justified for Applebee's? Mr. Volle responded that he may charge a restaurant user less than what he paid for the property in order to have the property utilized.

Council Member Chang noted that Mayor Kennedy is proposing a compromise in that Mr. Volle is to secure an agreement with a sit down restaurant before he is willing to proceed with the In-And-Out Burger.

Mr. Volle requested clarification as to whether he would need to enter into an agreement with a particular restaurant or whether he has to enter into an agreement with the city that he would put a sit down restaurant on the property.

Mayor Kennedy clarified that he would want to see in place approval of a sit down restaurant for the adjacent site before approving the In-And-Out Burger restaurant.

Council Member Tate noted that an agreement is in existence that the site be marketed for two sit down restaurants.

Mayor Kennedy stated that he would want to see a commitment in place that a sit down restaurant would be built on the adjacent site. Unless a good sit down restaurant is committed to locating in the PUD, he would not be willing to allow In-And-Out Burger to move forward.

Mr. Volle stated that it is his intention to pave the entire area, open his restaurant for six months and then find a sit down restaurant. He said that it would not be in his best interest to keep the property off the market for any length of time beyond the six months.

Mayor Kennedy said that he would not be willing to change the zoning to approve Mr. Volle's application until there is a commitment from a sit down restaurant and an agreement in place.

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Council Member Sellers inquired if there was a contingency on the purchase of the property? Mr. Volle responded that the property is in escrow and that land purchase was contingent on his ability to obtain building permit approval to build the In-And-Out Burger.

Brad Ledwith indicated that he is a member of the Morgan Hill Rotary and serves on the board of directors for the Chamber of Commerce but that he is speaking as a citizen this evening. He stated that he enjoys eating hamburgers. However, he expressed concern with the following: 1) traffic even though the proposed restaurant is not supposed to be compared to the Gilroy facility, anytime you go into an In-And-Out Burger across the state, traffic is an impact. Also, the traffic circulation at the Cochrane Chevron is awkward. 2) He expressed concern that the City would be entering into an agreement with an owner who may or may not be here 3-4 years from now. 3) The possibility of mischief taking place on Cochrane Road at 1:00 a.m. similar to what is taking place at Blossom Hill would be inappropriate for Morgan Hill.

Marc Minkus, 1885 Silverwings Court, Director of Research and Development at Abbott Laboratory, indicated that Abbott Laboratory has several visitors who are from out of town. These guests are put up at the new hotels adjacent to his facility. He felt that it would be nice to have sit down restaurants for his visitors above and beyond what is in place in Morgan Hill. He supported additional sit down restaurants for the community.

No further comments being offered, the public hearing was closed.

Council Member Tate said that an In-And-Out Burger in Morgan Hill has been in discussion for several months and that this is the first time that the Council has had the opportunity to address the use. He said that there seems to be a situation where the City had an agreement in place with a developer. The developer tried to market the site for over two years to fulfill the commitment for two sit down restaurants. The developer adapted, on his own, a solution to the problem without asking the City if he could seek other alternatives. He felt that there is a process problem with this PUD in that the Council was not given an opportunity to discuss the problem and review alternative solutions such as amending the PUD to only require one sit down restaurant. However, he noted that a decision was made 2.5 years ago that the City wanted sit down restaurants in this PUD. Having two sit down restaurants would be the right use in terms of limiting traffic problems in a gateway into the community. It was his recollection that there was some discussion on the economic aspect of capturing community restaurant goers who are going out of town because they cannot find the right kind of sit down restaurants in town. Allowing additional fast foods in town would just rotate which one citizens patronize. He stated that he has questions regarding the process and indicated that he has not changed his mind regarding the uses in 2.5 years. He concurred with the comments as expressed by staff and others that he likes In-And-Out Burger and wants to see them locate in Morgan Hill as they would be a great addition to the City. However, he felt that there are problems with locating an In-And-Out Burger in this PUD.

Mayor Kennedy inquired whether Council Member Tate would be willing to support the In-And-Out Burger on this site if the applicant were successful in getting some level of approval/commitment from a sit down restaurant?

Council Member Tate said that he wants to understand, economically, what would be involved with

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having one sit down restaurant. It was his hope to get 14,000 square feet of sit down restaurants, noting that a 6,000 square foot sit down restaurant is being discussed in addition to the In-And-Out Burger. He felt that the City would be giving up something that it should not have to give up if the City approves one sit down restaurant. He would like to look at alternatives or get questions answered in terms of optimizing the situation. He felt that Mayor Kennedy was on the right track in terms of looking for a solution that guarantees the City a sit down restaurant.

Council Member Sellers said that he spent a lot of time recalling the situation and circumstances under which the Council agreed to the two sit down restaurants. He said that the developer marketed the restaurant pads for 2.5 years and could not attain his asking price. He said that a solution for the developer is to figure out what the market would bare. He said that it was frustrating to have to go through this process as the Council had to say no to a business who is felt would have a place somewhere in the community. He expressed concern with circulation as he did not believe that the existing circulation works. He recommended that the City look at circulation to allow right turns (egress) onto Cochrane and disallow left turn lanes regardless of the action taken on this application. He felt that there was merit to Mayor Kennedy's suggestion but that he did not know if it would be financially viable for the applicant. He indicated that the City was promised certain uses as part of the PUD approval. He stated that if there was a guarantee that a sit down restaurant would be marketed and go through the approval process, he would agree to approve the In-And-Out Burger because of their marketing strategy. If there was some form of an agreement that was air tight that would allow the In-And-Out Burger to proceed and a quality sit down restaurant, he would be supportive.

Mayor Pro Tempore Carr stated that he concurred with Council Member Sellers comments regarding traffic and circulation in this area, especially as Madrone Parkway is becoming a popular short cut to get to Monterey Road. He said that he would like to find a compromise. However, he expressed concern that this Council stand up to its development agreements. He said that it took a long time to reach a development agreement for this PUD, noting that he was not on the Council at the time. He said that the Council put forth a lot of discussion and forethought into the PUD, including the types of hotels that were desired, including the need for a gasoline station in the north side of town. He felt that when agreements are made, they need to be made with a lot of forethought that they are actually going to work out. He felt that the Council needs to discuss how it can be a partner in helping PUDs work versus amending PUDs. He said that the developer/owner, in this case, owes a lot to the community in trying to make the development agreement work. He stated that he too was disappointed that this if the first opportunity that the Council has had to address the development agreement with an amendment and a potential buyer at the podium with a project in mind. He was not sure if this was the best way to work out the problem. He expressed concern with the Gateway aspect of the site. He said that when he was on the General Plan Update Task Force, the Task Force spent a lot of time discussing gateways, noting that it was felt that more discussion and thought needs to go into gateways even after the General Plan was adopted and developed. He appreciated In-And-Out Burger coming to the table and willing to work within the gateway structure and within the requirements, but that he was not sure if the Council knew what the requirements should be. He has a problem with moving forward with the request this evening. He stated that he would be happy to keep the issue open and alive in order to discuss some of the issues raised this evening to try to find an agreement that will work. He felt that there were a lot of needs in Morgan Hill and that a lot of the citizens in Morgan Hill have looked to this corner of town to help meet City of Morgan Hill Special and Regular City Council and Special Redevelopment Agency Meeting Minutes September 4, 2002 Page - 13 -

some of those needs. He said that he did not want to give up on the needs too quickly.

Council Member Sellers inquired as to the procedure that should be followed should the Council want to give further consideration to the needs of the community and amendment to the PUD.

Mr. Bischoff said that should the majority of the Council feel that if it had a better level of assurance that there would be a sit down restaurant located on the other parcel in the near future and the name of the restaurant was identified, he recommended that the application be tabled. Staff would readvertise the application when staff has had an opportunity to meet with the applicant and see if progress has been made.

Mayor Kennedy said that he would be comfortable with a sit down restaurant and an In-And-Out Burger in the PUD. He understood that traffic and other issues would need to be addressed but that he was comfortable that they can be addressed as they are not surmountable.

Council Member Tate was pleased that Mayor Kennedy has came up with a compromise. He said that he did not want to discourage a compromise. However, he did not want to support a compromise when he does not know if there are other possibilities. He noted that the City has an agreement in place that requires two sit down restaurants and that before amending the agreement, the Council needs to study possibilities.

Council Member Chang said that in looking at the original floor plan, it shows two sit down restaurants at 8,000 and 6,000 square feet with 137 parking stalls. She compared the original floor plan with the one presented this evening and found that the driveway for the fast food restaurant appears to be taking a lot of the parking spaces. She stated that she would like to retain the PUD with two sit down restaurants. However, she may be open to the In-And-Out Burger with a sit down restaurant.

Council Member Sellers did not know how the Council can get to where it wants to get to based on the market

Mayor Kennedy understood that companies such as In-And-Out Burger and McDonald's pay more for property and would be an attractive first choice for a land owner. If the Council is to table the application and hold out for a sit down restaurant, he felt that it may change the dynamics of the marketplace. Tabling the application would give the applicant a chance to see what he can do and bring it back to the Council.

Council Member Sellers said that tabling this application would result in trying to figure out how to get In-And-Out and a sit down restaurant. He felt that there was a higher/better use and that the Council would eliminate this as an option. Should the Council deny the application this evening, he felt that amendment to the PUD would be delayed.

City Manager Tewes said staff offered In-And-Out Burger an alternative which they chose not to pursue. He stated that the General Plan required a series of follow up studies, one being the gateway study. Staff invited In-And-Out Burger to participate in the Gateway study in which the City might evaluate circulation and land use for the PUD and the number of sit down restaurants. Should the

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Council decide to deny the project, this study would still proceed and that it might answer some of the questions raised by the Council. He said that staff worked with the property owner and spoke with several sit down restaurants, indicating that a deal could not be made.

Council Member Tate indicated that economics factor into the issue. He felt that sit down restaurants would be economically supported by the City because the City has more leakage of this business out of the City at this time. If this is the case, he recommended that the City find a way of helping sit down restaurants locate in the PUD. He said that these were the kinds of alternatives that he would like to explore to see if they are viable.

Mayor Pro Tempore Carr stated that he would be interested in hearing from the developer why he signed an agreement with the City and they are now stating that two sit down restaurants are not feasible. By approving an amendment, the City would be moving away from over 14,000 square feet of promised sit down dining area for the community, reducing the 137 parking spaces alluded to by Council Member Chang to 105. He felt that there may be some value to amending the agreement to a 5,000-6,000 square feet of sit down dining for the community, but wanted to know what the value of losing 8,000 square feet of sit down dining to the community. He felt that these issues need to be discussed before moving forward with the request. Should the Council decide to deny the application this evening, it is not stating that the Council is denying the opportunity for In-And-Out Burger to operate in Morgan Hill or at this location but that the Council needs to explore other options before it is willing to amend the agreement to allow this to happen.

<u>Action:</u> Council Member Tate made a motion, seconded by Mayor Pro Tempore Carr, to <u>Adopt</u> Resolution No. 5613, Denying the Zoning Amendment Application.

Mayor Kennedy stated that he would be voting against the motion to deny the application as it was his belief that it would be appropriate to table the application. He felt that both the In-And-Out Burger and a sit down restaurant could work.

Mayor Pro Tempore Carr requested clarification that should the Council table this item, it would return at an unspecified date.

Mayor Kennedy clarified that there would be a commitment of a sit down restaurant being brought back to the Council as well as the In-And-Out Burger.

Council Member Chang stated that she would want to have one sit down restaurant in place and then she would consider the second site. She did not want to combine In-And-Out Burger and a sit down restaurant as one package.

Mayor Pro Tempore Carr said that by his second to the motion, he would not be ruling out the option as presented by Mayor Kennedy. However, he did not want to limit it to being the only option.

Council Members Sellers stated that he would like to explore the highest and best use of the site. He felt that In-And-Out Burger has a place in this community but that the City needs to figure out where that location should be. He recommended that everyone figure out how to implement the development agreement, whether that means being more flexible in pricing or showing the City

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significant economic data. If the application is denied this evening, he wanted to make it clear that it is part of the process and not a finality. He said that the Council would like to continue to look for the highest and best use of the property.

**Vote:** The motion carried 4-1 with Mayor Kennedy voting no.

## City Council Action

#### **OTHER BUSINESS**

#### 13. REVIEW OPTIONS FOR CORY LANE DUPLEX

Director of Business Assistance and Housing Services Toy presented the staff report.

Mayor Kennedy inquired if the Redevelopment Agency owns land that is suitable for housing, exclusive of the Watsonville Road property? If not, is staff looking at acquiring land for housing?

Mr. Toy responded that the only other property that the Agency would have is the Third Street property. He noted that the General Plan slated this property to be a park. Therefore, the City/Redevelopment Agency does not have property available for housing. The City may have other projects along Monterey Road, working with South County Housing. However, he was not sure if the duplex would be suitable within whatever development would occur on Monterey Road. He said that the City has rehab programs taking place and larger projects that the Council has deemed should be investigated with the possibility of land acquisition. He informed the Council that at one point, staff proposed an infill project. At time of the housing workplan discussion, it was determined that it was not a high priority and that the City should not proceed with this type of program.

Council Member Sellers noted that should the Council have an exemption in place that would allow individuals to purchase old homes and tear them down, with the units built elsewhere. He felt that the Council could narrow the Measure P exemption policy to allow existing units to be transferred to a vacant lot as units would not be added to the housing stock. He inquired if the Measure P exemption policy could be narrowed such that it would allow moving existing units to another site?

Mr. Toy responded that it was his belief that a policy could be structured to allow transfer of units to be used for affordable housing. He said that the Council could study to see how it could limit abuses from happening.

City Manager Tewes stated that under the policy question of whether the Council wishes to adopt as a high priority acquiring potential sites for housing development would be a subject of the Housing Strategy that the Council directed be prepared and be presented in December. The Council has been advised about some of the Measure P constraints. He said that there are also constraints in Redevelopment Law in that the Redevelopment Agency cannot purchase and hold property. The Redevelopment Agency can only acquire property for purpose of development. Therefore, the ability of the City to land bank is somewhat limited.

Mr. Toy informed the Council that the Third Street property was purchased with 80% non housing

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set aside funds and therefore, the property can be held for a longer period of time. He said that the property is not currently planned for development. He informed the City Council that staff would need an agreement in place by December with a plan of moving the duplex by January, clearing the site by February so that the Butterfield extension is not delayed.

Mayor Kennedy opened the floor to public comment.

Rocke Garcia indicated that he is developing the Capriano project located at the north end of town. He said that he has been awarded 11 allotments and proposes to be build one BMR unit. He has an approval for 94 units which require the construction of 9 BMR units. If he is able to acquire this extra housing unit, he would be able to build a BMR duplex. He would like to use the demolished unit as part of his BMR proposal in order to complete his project should the Council amend the Measure P exemption policy.

Mr. Toy clarified that staff is requesting the demolition of the duplex unit for the Butterfield Boulevard extension. Mr. Garcia is requesting the credit from this unit to be used in his development in order to complete his BMR duet and that under discussion is the preservation of the duplex this evening. He clarified that there are two units on site: a duplex and a single family home, noting that the Council previously approved the demolition of the single family unit. He said that the current Measure P exemption policy does not allow transfer of units from one parcel to another.

Mayor Kennedy said that he would be comfortable in moving ahead with the demolition of the duplex unit and with the allocations after reviewing the staff report and receiving responses to questions made.

Council Member Sellers stated that he would support demolition of the duplex unit but that he was anxious about losing housing units. He felt that the duplex unit has value but not as a BMR unit. He said that he would like to see the city capture the housing unit asset, using the asset to have BMR units built earlier. He said that he would be comfortable with moving forward with the demolition. He felt that the Council has a window period to explore if there is someone willing to move and rehab the duplex unit. He felt that these are the type of units that a good segment of the population needs and that he would hate to see their loss. He noted that staff indicated that it would be viable to consider options in the next three months and recommended that options be explored during this period of time.

Action:

Council Member Sellers made a motion to have staff explore options for moving and rehabilitating the duplex unit provided that it would be financially viable and that it fits in within the time frame of the perceived Butterfield Extension. The Motion died for the lack of a second.

Mayor Pro Tempore Carr said that although it is a noble goal to try to preserve what is seen as affordable housing, he was afraid that the Council would be spending too much Council, staff and community time in trying to figure out a way to preserve the duplex unit. He felt that it would be better served to allow the units to be demolished. He felt that due diligence went into checking to see if there is anyone interested in moving and rehabilitating the units, noting that staff has not been able to find anyone willing to do so. However, he felt that the Council needs to work on an

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exemption that would take care of a builder's problem to get a BMR unit built quicker versus moving units to another site. If the city was to demolish a single family home and be able to transfer the allocation to be built elsewhere, tying some sort of affordability, would add value to the community versus rehabilitating and moving the unit. He was not sure if the structures were worth saving but felt that the conversation about preserving the unit as an affordable dwelling unit is something that the Council should find a way to make it happen.

Council Member Tate agreed with the comments of Mayor Pro Tempore Carr. He was swayed by the subliminal comments contained in the staff report, pictures presented, and visiting the site, noting that the units were moved once before. He recommended that demolition be approved and that the City not spend more time on the issue. He further recommended that the Council devote its attention to the right thing to do in the future in order to support additional housing with reallocation of these types of units.

Council Member Sellers agreed with Mayor Pro Tempore Carr and Council Member Tate as long as the Council can come up with a way to capture the two allocations of the duplex.

Council Member Chang said that should the Council authorize demolition of the duplex units, the population count would drop.

Mayor Pro Tempore Carr recommended that the Council tie demolition with transfer of the units to an affordable project.

Mayor Kennedy stated that he sees support by the majority of the City Council to demolish the units, developing a policy direction.

Mayor Pro Tempore Carr recommended that these three units get grandfathered into whatever policy is adopted.

Action:

It was the consensus of the majority of the Council that the duplex units should be demolished, <u>directing</u> staff to develop a policy for Council consideration that addresses the issue of preserving the units by means of transferring them as affordable housing units.

Mayor/Chairman Kennedy recommended that agenda item 18 be considered at this time.

# Redevelopment Agency Action

#### **OTHER BUSINESS**

#### 18. WATSONVILLE ROAD HOUSING CONCEPT

Director of Business Assistance and Housing Services Toy presented the staff report for a development concept of a Watsonville Road teacher, police officer, and/or public employee housing project on Agency owned property for a total of seven units. He indicated that the total cost for the proposed housing concept would be \$1.15 million of which \$250,000 would come back at the close

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of escrow, noting that \$400,000 is attributed to land cost. The total cost to construct the project would be approximately \$2.7 million plus the land.

Vice-chairwoman Chang inquired why a \$3.3 million loan is required if it is being projected to be a \$2.7 million project?

Mr. Toy responded that the construction cost is \$2.7 million plus \$400,000 for land cost equates to \$3.1 million for the project. Of this \$3.1 million, the Agency's ultimate contribution would be approximately \$900,000 and that the construction financing would be approximately \$2.2 million. This would equate to approximately \$440,000 per unit to be sold at approximately \$330,000 per unit. He indicated that 4 bedroom units are proposed at 1,400 square feet.

Jan Lowanthal, South County Housing, indicated that three duplexes and one stand-alone unit are proposed. She said that the construction estimate includes new city fees which equate to \$46,000 per unit, a significant impact to the cost of \$82 per square feet. She said that the other costs are fairly standard with single family development except that with this small seven-unit project, there is no economy of scale. She indicated that she is analyzing different scenarios and that she is seeking direction from the Agency Board regarding the scenario summarized this evening. It is the goal to structure the project to minimize the City's investment above and beyond the land as much as possible. She estimated that the soft costs would be at \$705,000.

Agency Member Carr inquired whether there was a way to achieve additional units? Ms. Lowanthal responded that an additional unit or two could be accommodated, lowering the per unit cost.

Chairman Kennedy suggested that the project consist of three and four bedroom units in order to achieve additional units.

Ms. Maskell indicated that staff spoke to the developer of the adjacent project who voiced that there could be some residents who may object to a higher density project.

Agency Member Tate stated that he liked the fact that the project is proposed as four bedroom units.

Agency Member Carr asked whether entry level teachers need a four bedroom housing unit?

Agency Member Sellers felt that the goal should be to provide affordable housing for teachers with a concurrent goal of retaining good teachers in our community. He felt that the City should try to figure out a way to come up with units that teachers are interested in, understanding the concerns of the neighbors.

Agency Member Carr stated that he would like to add more units to the project in order to lower the per unit cost and to provide a better benefit. He felt that discussion can be undertaken with the neighbors where they may be concerned about a different type of product being constructed, noting that the City is talking about a specific market. He felt that a lot of the concerns that may come up from the neighborhood could easily be allayed by advising that the units are being constructed for teachers, police officers and/or public employees. He inquired if significant units could be achieved if this was not a for sale project?

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Ms. Lowanthal said that developing an apartment project would achieve twice as many units and could be leased at a significantly reduced cost for teachers, police officers, and public employees. She indicated that she could look at different scenarios for smaller sized units such as attached townhomes that would consist of two, three and four-bedrooms. She indicated that this is a pilot initiative being undertaken by the City and that she is excited to partner with the City on this project. However, she noted that this is the beginning of discussions and that there are a lot of questions to be answered. It is her job to analyze different options for the City to consider and what would make the most sense and what earns the highest public benefit. She said that she was more than willing to perform the analysis for staff. She indicated that the proposal before the Council is being designed as duet type units.

Chairman Kennedy said that duet units seem to be a successful model in the City for cutting costs and at the same time keeping the quality of the project up. He felt that this was a good project concept.

Vice-chairwoman Chang inquired what would happen when teachers or police officers decide to sell? She inquired whether there were any limitations on reselling affordable units?

Ms. Lowanthal stated that what is being discussed at this point is a resale restriction that would allow the unit to first be offered to another public employee and then be offered to another income eligible family. She stated that South County Housing would maintain two waiting lists of potentially interested buyers in the event of the resale. She said that the resale price would be restricted so that it would be affordable to the same income levels over time.

Agency Member Sellers inquired if there was a time constraint in order to move forward, noting that different concepts have been raised this evening?

Ms. Lowanthal said that it is South County Housing's goal to apply for a Measure P allocation. From the stand point of putting together a qualifying Measure P application, it needs to be known what concept is being pursued within the next 60 days.

Business Assistance and Housing Manager Maskell stated that staff would like to know the direction the Agency would like it to proceed with the project.

Agency Member Sellers did not believe that entry level teachers need four bedroom units. He recommended that if there is a 60-day leeway that a month be taken to explore other viable options.

Chairman Kennedy felt that it was important to know what size units are required by teachers.

Agency Member Sellers felt that the architectural styles of the units need to be high quality for the long term viability of the project.

Agency Member Carr felt that more than seven units would be appropriate for this property.

<u>Action:</u> It was the consensus of the Agency Board to <u>direct</u> staff to return with information on the questions raised this evening.

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Executive Director Tewes felt that the Agency Board has indirectly answered what he felt was the most important threshold question of whether it was willing to contribute more than the land to this project. He said that it appears to be implied that the Agency Board was willing to contribute more than the land.

#### 14. <u>COMMUNITY AND CULTURAL CENTER PROJECT ADDITIONAL FUNDING</u> REQUEST

Director of Public Works Ashcraft presented the staff report. He addressed the project cost history, why budget adjustments were needed, lessons learned and steps to take in order to avoid future problems. He indicated that Steve Nielsen, construction manager with Consolidated CM; Armando Tiscareno with DPR; and Glenn Ridder, project manager, were present to answer questions that the Council may have. He distributed a project funding history and funding recommendation being requested this evening for a total project cost of \$14,333,755, noting that there may be opportunities for reimbursement later that may replenish some of the funding. He indicated that Mayor Kennedy, Steve Nielsen, Franz Steiner with VBN and Glen Ridder met today to review various documents. Mr. Steiner admitted some errors in the design that necessitated change orders. It was staff's belief that there was some financial liability on the part of VBN for a significant amount of the total change orders. He said that the design team is working well together in order to complete the project on time and as close to budget as possible. He said that at the final reconciliation, there will be time spent on the issue of whether the City should be reimbursed for some of the money it is spending.

Chairman Kennedy indicated that he met with Glen Ridder, Steve Nielsen, Franz Steiner and Mr. Ashcraft today in order to review several of the items. He felt that City would be getting a beautiful facility once completed and that this is the overriding point that should not be lost as the Council reviews all costs. He said that there were significant structural design defects. He stated that he would be recommending initiation of litigation in closed session in order to recover some of these costs. He felt that the City needs to take legal action against the architect and some of their engineers. He indicated that it is unfortunate that this has occurred on a project that brings a lot of value to the community. He did not believe that the City should be stuck with someone else's mistakes. He said that there are a variety of costs that can be eliminated in both the change order list and the anticipated additional costs. The City could issue a stop work order on the trellis for \$90,000 and rely on fundraising and/or community donors to help pay for this cost. Another cost savings would be to eliminate the bus shelter. He noted that there were other costs for various items anticipated such as screening of the HVAC equipment that the architect and engineers overlooked. He felt that the City needs to be consistent in meeting City standards that is required of other developers.

Mr. Ashcraft identified items that could be eliminated to afford some cost savings for a total of \$125,000 (e.g., kiln, screening of HVAC, trellis, and bus shelter).

Agency Member Tate noted that screening of the HVAC equipment is required in order to meet City codes.

Chairman Kennedy felt that there may be a way to screen the HVAC equipment in such a way that it is screened but without performing an elaborate screening process in order to realize cost savings.

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Agency Member Sellers appreciated the time that Mayor Kennedy has put into this issue and for his professional expertise. He requested that Mayor Kennedy identify how he thinks the City should proceed, noting that the items identified for elimination at this time would make the project look nicer.

Chairman Kennedy said that the problem with the kiln is that it was designed to be placed outside the building, noting that the kiln is not weather proof. There would be the cost to build a structure in order to cover the kiln. He indicated that the kiln was overlooked in the specifications. He felt that contributions could be collected to complete the kiln.

Agency Member Tate felt that the items identified for possible elimination are important to the basic quality of the project.

Agency Member Sellers noted that the City has a strong case for receiving a significant amount of funding back in the future. He felt that should the items that would make the project attractive be deferred, it would end up costing the City more at a later date.

Mr. Ashcraft indicated that he has advised the Valley Transportation Authority (VTA) that they need to remove the advertising bus shelter as it has been agreed that a non advertised shelter was to be installed. He said that VTA would be maintaining the bus shelter and that the City would receive \$50 a month for having the bus shelter. He indicated that the proposed cost for the bus shelter would be replaced with a custom bus shelter. However, he was not sure whether VTA would maintain the custom bus shelter which may result in added maintenance costs.

Agency Member Sellers felt that with future projects, the Council needs to review time issues more carefully and provide staff the opportunity to slow down the project, if necessary. He said that at time of approval, the Council set a low contingency and that he knows that the odds were significantly high that the Council would end up seeing the project return for funding. Had the Council approved a 10% contingency, the Council would not be hearing all of the issues that are being raised.

Chairman Kennedy opened the floor to public comment.

Armando Tiscareno, construction manager for DPR Construction, stated that typically, a 6-8% contingency is provided for public works projects. He stated that the Council can set the contingency budget at 10% or higher for construction and that the City still has to approve the use of the contingency fund. Setting the contingency at 10% would eliminate the need for staff or the contractor to return to the Council seeking additional funding which results in more work for everyone.

Chairman Kennedy asked Steve Nielsen his thoughts on how the City can avoid these kinds of problems in the future.

Steve Nielsen stated that he found the design schedule acceptable even though he was not included early on in assessing the schedule. He felt that every public works project typically exceeds the original budget amount. He felt that the issue on this project and other projects is that architects are

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being pressed more and more to give more service for less. He said that there is a way to assist architects in being successful that is having someone other than the architects watching the architects. He felt that the Council is going a long way to solving a lot of these problems by creating an in house architect position. Having the oversight at the beginning of a project will help by meeting with the architect or the design team on a regular bases to make sure that coordination occurs.

Agency Member Tate agreed with the lessons learned and that one should spend the time up front. He felt that this is something that the Council has to focus on, noting that the Council is pushing very hard. He felt that this is a policy matter that the Council needs to take into advisement.

Chairman Kennedy felt that staff needs to freeze the design at a certain point. If staff allows the Council to continue changing the requirements after the drawings are at a certain point such as 50%, changes would only result in additional costs to the project. He stated that it would take a lot of discipline and willingness on the part of staff to tell Council members that there should be no more changes to a project.

Mr. Nielsen said that there are certain things that can be established as benchmarks for the design. He felt that having an in house architect to make sure that each step is covered will allow the Council flexibility in design.

No further comments were offered.

Vice-chairwoman Chang stated that she was pleased with the entire project and with the fact that the project is not over 8% of the total budget, noting that the project is ahead of schedule. She said that she did blame the architect for all of the problems being experienced as the Council pushed the project and went out to bid right of way. She felt that part of the situation is the Council's responsibility. She noted that there is not much funding left in the unallocated RDA funds as there is a current balance of \$790,000. If the Council uses \$480,000, the remaining balance of unallocated RDA projects would be \$310,000. She felt that the lessons learned with this project are important because there are no funds available to meet increased project costs.

Agency Member Sellers agreed that the Council learned a lot, noting that the Council set a low contingency. He felt that the discussions undertaken this evening have been enlightening and that they were not excessively outside of what the Council could have anticipated in the course of time. He felt that with the same group of Council members on the dias for the next couple of years would give the Council an opportunity to take the lessons learned in the initial steps and try to come at or below where the City is on this project.

Chairman Kennedy wanted to relay a message to staff that the City needs to look carefully before approving change orders for any additional work that is remaining. Although he would be supporting the motion, he did not want this to imply that the City does not have its work cut out to push back and contain costs.

Action: On a motion by Council/Agency Member Sellers and Seconded by Council/Agency Member Tate, the City Council/Agency Board unanimously (5-0) Appropriated an

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Additional \$480,000 From the Current Redevelopment Agency's Project Contingency Balance to Augment the Total Project Budget.

Action: On a motion by Council/Agency Member Sellers and Seconded by Council/Agency

Member Tate, the City Council/Agency Board unanimously (5-0) <u>Appropriated</u> \$250,000 for Park Development Costs From the Current Unappropriated Park

Impact Fund Balance.

<u>Action:</u> On a motion by Council/Agency Member Sellers and Seconded by Council/Agency

Member Tate, the City Council/Agency Board unanimously (5-0) <u>Approved</u> Amendment to Consultant Agreement with Consolidated CM to Add \$80,590 to Their

Current \$284,545 Contract, Subject to Review by the City Attorney.

Action: On a motion by Council/Agency Member Sellers and Seconded by Council/Agency

Member Tate, the City Council/Agency Board unanimously (5-0) <u>Approved</u> Amendment to Consultant Agreement with David F. Eddings Associates to Add

\$28,800 to Their Current \$96,000 Contract, Subject to Review by City Attorney.

Action: On a motion by Mayor Pro Tempore/Agency Member Carr and seconded by

Council/Agency Member Sellers, the City Council/Agency Board agreed to extend

the meeting curfew.

## 15. REQUEST FROM SANTA CLARA COUNTY DOMESTIC VIOLENCE COUNCIL FOR CITY SPONSORSHIP OF THE 10<sup>TH</sup> ANNUAL DOMESTIC VIOLENCE CONFERENCE

Council Services and Records Manager Torrez presented the staff report, indicating that as part of the 5% budget reduction, she did not include funding for non profit agencies outside of Morgan Hill. Funding was included for local agencies and for local community activities such as the Taste of Morgan Hill, Independence Day, Inc. Fourth of July activities, and Youth Empowered for Success. She indicated that the Council can allocate \$5,000 from the General Fund balance to sponsor the 10th annual Domestic Violence Conference and other requests from non profits that the City may receive during the fiscal year.

Council Member Tate said that at time of budget review, the Council made a conscious decision to restrict items because of the budget conditions. He felt that the Council should live within these restrictions. He said that there are many worthwhile items that the Council would like to support such as this one, but he did not know where funding would stop.

Council Member Sellers recommended that the Council forward its expression of support with an explanation be given about the City's budget constraints and budgetary decision to focus on events that take place within the City limits. Therefore, the City would not be able to sponsor the conference this year.

<u>Action:</u> By consensus, the City Council <u>Directed</u> staff to prepare a letter to the Santa Clara County Domestic Violence Council sending the City's support of the annual domestic

violence conference, explaining budget constraints

#### 16. ADOPT ORDINANCE NO. 1581, NEW SERIES

Action: On a motion by Council Member Tate and Seconded by Council Member Sellers, the City Council Adopted Ordinance No. 1581, New Series as follows: An Ordinance of the City Council of the City of Morgan Hill Amending Sections 3.56.050 of Chapter 3.56 (Development Impact Mitigation Fees) of Title 3 (Revenue and Finance) of the Municipal Code of the City of Morgan Hill Regarding Development Impact Mitigation Fees by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

#### 17. ADOPT ORDINANCE NO. 1582, NEW SERIES

<u>Action:</u> On a motion by Council Member Tate and Seconded by Council Member Sellers, the City Council <u>Adopted</u> Ordinance No. 1582, New Series as follows: An Ordinance of the City Council of the City of Morgan Hill Approving of a Development Agreement, DA-02-03: Hale-Glenrock/Shea for Application MP 01-04: Tilton-Glenrock (APN's 764-09-026 & 027). by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

#### OPPORTUNITY FOR PUBLIC COMMENT - CONTINUED CLOSED SESSION

Mayor/Chairperson Kennedy opened the closed session items to public comment. No comments were offered

#### ADJOURN TO CLOSED SESSION

Mayor/Chairperson Kennedy adjourned the meeting to closed session at 11:18 p.m.

#### **RECONVENE**

Mayor/Chairperson Kennedy reconvened the meeting at 12:11 a.m.

#### **CLOSED SESSION ANNOUNCEMENT**

Agency Counsel/City Attorney Leichter announced that no reportable action was taken in closed session.

#### **FUTURE COUNCIL-INITIATED AGENDA ITEMS**

No items were noted.

#### **ADJOURNMENT**

There being no further business, Mayor/Chairperson Kennedy adjourned the meeting at 12:12 a.m.

#### MINUTES RECORDED AND PREPARED BY

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IRMA TORREZ, City Clerk/Agency Secretary



#### CITY COUNCIL STAFF REPORT

**MEETING DATE:** September 18, 2002

## ACCEPT AS COMPLETE THE 2001-02 PAVEMENT RESURFACING PROJECT PHASE II- DOWNTOWN MONTEREY

Agenda Item # 15
Prepared By:
Dep Dir Public Works
Approved By:
Public Works Director
Submitted By:
City Manager

#### **RECOMMENDED ACTION:**

- 1. Accept as complete the construction of the 2001-02 Phase II Street Resurfacing and Reconstruction Project-Downtown Monterey Road in the final amount of \$426,168.32.
- 2. Direct the City Clerk to file the attached Notice of Completion with the County Recorder's office.

**EXECUTIVE SUMMARY:** The contract for the 2001-02 Phase II Street Resurfacing Project was awarded to C.F. Archibald Paving Inc. by the Council at its April 3, 2002 meeting in the amount of \$335,538.80 including base bid and bid alternate work. Council also approved a 10% contingency resulting in a project budget of \$363,592.68.

This was a very successful project. Work included the asphalt overlay of Monterey Road from Central to Dunne Avenue, the construction of an asphalt bike path along West Little Llagas Creek approximately 500 feet in length just south of Edmundson Avenue, and the asphalt overlay of the Howard Weichert Park Basketball Court. All work has been completed in accordance with the plans and specifications.

The final project included three project change orders. Change order number 1 in the amount of \$55,502.32 exceeded the project contingency, thus per the City's Change Order policy, staff obtained Council approval for Change Order Number 1 at the May 1, 2002 Council meeting. Council approved Change Order number 1 revising the contract amount to \$385,041.32. Council also approved an additional 10% contingency at that time revising the total funding allocation for this project to \$423,545.45.

The final project cost including 2 additional change orders is \$426,168.32. This amount is \$2,622.87 in excess of the allocation of \$423,575.45 approved by Council at its May 1, 2002 meeting. However, one of the two additional change orders was for the asphalt resurfacing of the basketball court at Howard Weichert Park at a cost of \$9,800. This work was funded from the Parks Operations Budget, thus there is no need to allocate additional funding from the Street Fund.

**FISCAL IMPACT:** This is the second and final phase of this project and was funded as part of the 2001-02 Capital Improvement Program (CIP) Budget, Project #519096 with a total appropriation of \$2,230,000. There is sufficient balance in this project account and no additional appropriation is necessary.

Record at the request of and when recorded mail to:

CITY OF MORGAN HILL CITY CLERK 17555 Peak Avenue Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

### NOTICE OF COMPLETION CITY OF MORGAN HILL

#### 2001-2002 PHASE II STREET REPAIRS PROJECT-DOWNTOWN MONTEREY ROAD

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, on May 17, 2002 did file with the City Clerk of said City, the contract for performing work which was heretofore awarded to C.F. Archibald Paving Inc. on April 3, 2002, in accordance with the plans and specifications for said work filed with the City Clerk and approved by the City Council of said City.

That said improvements were substantially completed on August 12, 2002, accepted by the City Council on September 18, 2002, and that the name of the surety on the contractor's bond for labor and materials on said project is International Fidelity Insurance Company.

That said improvements consisted of the construction and installation of all items of work provided to be done in said contract, all as more particularly described in the plans and specifications therefor approved by the City Council of said City.

Name and address of Owner: City of Morgan Hill
17555 Peak Avenue
Morgan Hill, California

Dated: September 18, 2002

Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk
City of Morgan Hill, CA
Date:



#### CITY COUNCIL STAFF REPORT

MEETING DATE: September 18, 2002

#### AMENDING OF MUNICIPAL CODE SECTION 17.50.094 REGARDING PAYMENT OF DEVELOPMENT IMPACT FEES

Agenda Item # 16
Prepared By:
(Title)
Submitted By:
City Manager

#### **RECOMMENDED ACTIONS:**

- 1. Open and Close Public Hearing.
- 2. Waive the First and Second Reading of Ordinance.
- 3. Introduce Ordinance By Title Only.

#### **EXECUTIVE SUMMARY:**

On August 21, 2002, Council adopted revised development impact fees pursuant to Resolution 5592. In that Resolution, Council directed that development impact fees be those which are in effect when the vesting tentative map for a particular project is deemed approved.

Municipal Code section 17.50.094 currently provides that fees for projects should be those in effect "as of the date of actual development." To ensure that this section is consistent with Council direction in Resolution 5592, staff recommends that the language be changed to state the fees to be charged are those "in effect when the vesting tentative map is deemed complete." The attached ordinance effectuates this linguistic change.

#### **FISCAL IMPACT:**

By locking in fees at the earlier date when the vesting tentative map is deemed complete, some revenues may be lost. The estimated amount of such lost revenue was previously presented to Council.

#### ORDINANCE NO. 1584, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 17.50.094 (Imposition of Development Fees) OF CHAPTER 17.50 (VESTING TENTATIVE MAPS) OF TITLE 17 (SUBDIVISIONS) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING PAYMENT OF DEVELOPMENT IMPACT FEES

**WHEREAS,** new development within the City of Morgan Hill will result in additional population and business growth, and such growth will place additional burdens on various city facilities, infrastructure and services, requiring construction of expanded and/or new city facilities and services; and,

**WHEREAS,** all development within the City of Morgan Hill should bear a proportionate financial burden in the construction and improvement of public facilities and services which are necessary to serve the growth engendered by such development; and,

**WHEREAS,** consistent with these principles, Chapter 3.56 of the Municipal Code of the City of Morgan Hill establishes Development Impact Mitigation Fees and provides for revision thereof; and,

WHEREAS, based upon impact fee studies, and other evidence presented to it, the City Council adjusted development impact fees pursuant to Resolution 5592, adopted on August 21, 2002, to ensure that new development in the city pays its proportionate share of public facilities and service improvements necessary to accommodate such development in order to promote the public health, safety and welfare; and,

**WHEREAS**, the adjustment of development impact fees necessitates minor revisions to other Municipal Code provisions regarding such fees, including those in the Subdivision Ordinance; and,

**WHEREAS,** a public hearing on adoption of this ordinance was duly noticed, and held as part of a regular City Council meeting held on September 18, 2002, at 7:30 p.m. in the Council chambers located at City Hall, 17555 Peak Avenue; and,

**WHEREAS,** the City Council has received and duly considered all written and verbal comments provided to it by staff and the public, which comments are hereby incorporated into the record on this matter.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AND ENACT AS FOLLOWS:

City of Morgan Hill Ordinance No. 1584, New Series Page -2-

DATE:

**Section 1.** Section 17.50.094 (Imposition of development fees) of Chapter 17.50 (Vesting Tentative Maps) of Title 17 (Subdivisions) is hereby amended to read as follows:

#### 17.50.094 Imposition of development fees.

Notwithstanding any other provision in this chapter, the development fees for the project described in the vesting map shall be those fees which are in effect charged as of the date of actual development the vesting tentative map is deemed completed.

- <u>Section 2.</u> Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.
- **Section 3. Effective Date; Posting**. This ordinance shall take effect thirty (30) days after its second reading. This ordinance shall be posted at City Hall.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the  $18^{th}$  Day of September, 2002 and was finally adopted at a regular meeting of said Council on the  $2^{nd}$  Day of October, 2002 and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSENT: ABSTAIN:	COUNCIL MEMBERS:	
ATTEST:		APPROVED:
Irma Torrez	, City Clerk	Dennis Kennedy, Mayor
CALIFORN 1584, New Se meeting held	AMA TORREZ, CITY CLER IA, do hereby certify that the fore cries, adopted by the City Council o on the 2 <sup>nd</sup> Day of October, 2002.	F THE CITY CLERK  RK OF THE CITY OF MORGAN HILL going is a true and correct copy of Ordinance No of the City of Morgan Hill, California at their regular AL OF THE CITY OF MORGAN HILL.

IRMA TORREZ, City Clerk



## CITY COUNCIL STAFF REPORT MEETING DATE: Sentember 19, 200

MEETING DATE: September 18, 2002

## ANNEXATION APPLICATION, ANX-02-01: COCHRANE - BORELLO I

#### **RECOMMENDED ACTION(S):**

- 1. Open/close Public Hearing.
- 2. Adopt Resolution for Annexation.

Agenda Item # 17
Prepared By:
Planning Manager
Approved By:
Community
<b>Development Director</b>
Submitted By:
·
City Manager

#### **EXECUTIVE SUMMARY:**

This application is a request to annex a parcel totaling 14.47 acres into the City of Morgan Hill. The property is located at the east side of Peet Road between Cochrane Road and Half Road. The site is currently surrounded on two sides by the City of Morgan Hill. Therefore, inclusion of the parcels into the City limits would represent a logical adjustment of the City's boundary. In addition, under the terms of the 1984 Cochrane Road Assessment District (CRAD) court judgement, the City agreed to accept and process, to an approval, applications for annexation and prezone within the CRAD area. The subject site is located within the City's Urban Service Boundary, and in May 2002, was prezoned R-1(12,000) Single-family Low Density Residential.

Existing water and sewer lines are available within the site vicinity, and are of sufficient size to service future development of the site. The subject site is also within the established response time standard for fire service. Considering the proposed annexation represents a logical adjustment of the City's boundary, and City infrastructure and services to the area are available, staff supports the annexation.

On March 26, 2002, the Commission voted unanimously (7-0) to recommend approval of the annexation. The annexation was not forwarded to the Council until the annexation map and legal description was certified by the County Surveyor's Office and County Assessor's Office, and until a pre-annexation agreement had been executed. A copy of the Commission's March 26, 2002 staff report and minutes are attached for the Council's reference.

**FISCAL IMPACT:** None. Filing fees were paid to the City to cover the cost of processing this application.

#### **RESOLUTION NO. 5614**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL MAKING DETERMINATIONS AND APPROVING THE REORGANIZATION OF TERRITORY DESIGNATED "COCHRANE ROAD ANNEXATION NO. 12", APPROXIMATELY 14.47 ACRES LOCATED EAST OF PEET ROAD BETWEEN COCHRANE ROAD AND HALF ROAD AND WITHDRAWAL OF SAID TERRITORY FROM THE SOUTH SANTA CLARA COUNTY FIRE PROTECTION DISTRICT. (APN 728-34-002)

**WHEREAS,** a written petition has been filed in the office of the City Clerk of the City of Morgan Hill in accordance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: annexing into the City of Morgan Hill certain territory located in the County of Santa Clara, State of California, hereinafter more particularly described; and

**WHEREAS**, said petition has been signed and consented to by the owners of the land in the territory proposed to be annexed; and

**WHEREAS**, Section 56757 of the California Government Code states that the Local Agency Formation Commission shall not review an annexation proposal to any City in Santa Clara County of unincorporated territory which is within the urban service area of the city if initiated by resolution of the legislative body and therefore the City Council of the City of Morgan Hill is now the conducting authority for said annexation; and

**WHEREAS,** Government Code Section 56663(a) provides that if a petition for annexation is signed by all owners of land within the affected territory, the City Council may approve or disapprove the annexation without public hearing: and

WHEREAS, evidence was presented to the City Council;

## NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL AS FOLLOWS:

**SECTION 1**: That the City Council is the conducting authority pursuant to Section 56757 of the Government Code for the annexation of property designated "Cochrane Road. No.12", more particularly described in Exhibits "A and B";

**SECTION 2**: The territory hereby withdrawn from the South Santa Clara County Fire Protection District in accordance with Section 13952 of the California Health and Safety Code (APN 728-34-002)

**SECTION 3**: The following findings are made by the City Council of the City of Morgan Hill·

- a. That said territory is uninhabited and comprises of approximately 14.476 acres.
- b. That the annexation is consistent with the orderly annexation of territory within the City's urban service area and is consistent with the City policy of annexing when all city services can be provided.
- c. An expanded environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A mitigated Negative Declaration has been filed.
- d. The City Council on May 1, 2002 enacted Ordinance No. 1557 pre-zoning the subject territory with an R-1 (12,000), Single family Low Residential zoning designation.
- e. That the territory is within the city urban service area as adopted by the Local Agency Formation Commission of Santa Clara County.
- f. That the County Surveyor has determined the boundaries of the proposed annexation to be definite and certain, and in compliance with the Commission's road annexation policies.
- g. That the proposed annexation does not create islands or areas in which it would be difficult to provide municipal services.
- h. That the proposed annexation does not split lines of assessment or ownership.
- i. That the proposed annexation is consistent with the General Plan.
- j. That the territory to be annexed is contiguous to existing City limits.
- k. That the City has complied with all conditions imposed by the commission for inclusion of territory in the City's urban service area.

**SECTION 4**: The Council finds that all affected local agencies that will gain or lose territory as a result of this reorganization have consented in writing to a waiver of protest proceedings.

**SECTION 5**: The Council finds that all property owners and registered voters have been

City of Morgan Hill Resolution No. 5614 Page - 3 -

provided written notice of this proceeding and no opposition has been received.

**SECTION 6**: Said annexation is hereby ordered without any further protest proceedings pursuant to Sections 56663(c) and 5663(d) of the California Government Code.

**BE IT FURTHER RESOLVED** that upon completion of these reorganization proceedings, the territory annexed will be detached from the unincorporated portion of the County of Santa Clara.

**BE IT FURTHER RESOLVED** that upon completion of these reorganization proceedings, the territory annexed will be taxed on the regular county assessment roll, including taxes for existing bonded indebtedness.

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the 18<sup>th</sup> Day of September, 2002 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

#### **EXECUTION**

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. 5614, adopted by the City Council at the Regular Meeting on September 18, 2002.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



## CITY COUNCIL STAFF REPORT MEETING DATE: September 18, 2002

Agenda	a Item # 18
Prepar	ed By:
Asst. to	o the City Mgr.
Submit	tted By:
City M	anager

#### DEVELOPMENT PROCESSING SERVICES STUDY

#### **RECOMMENDED ACTION:**

- 1. **Receive report** on City of Morgan Hill development processing services and **consider** consultant presentation.
- 2. <u>Direct staff</u> to respond to the report and the consultant's recommended actions at a future City Council meeting.

#### **EXECUTIVE SUMMARY:**

As part of the 2001-02 workplan, the Community Development Department planned a study of its development processing services by an outside firm. The study's scope was expanded to incorporate the development-related services provided by all City departments, as well as the County Fire Department. MAXIMUS, Inc. was chosen to conduct the study, which began in April 2002.

The study was intended to evaluate organizational efficiency and effectiveness, and to consider how the City could better meet customer expectations for development processing services. To accomplish this, MAXIMUS staff reviewed current City practices and materials, studied specific transactions, conducted anonymous surveys of employees and recent development processing customers, and interviewed 20 frequent customers of the City's development services. The consultant also compared the City's development processing services to best practices identified in other communities. Based on this analysis, MAXIMUS made 36 recommendations for improving City development processing services.

Topics of customer concern identified in the study include the timeliness of the development review process, the impact of Measure P on both staff and developer workloads, responsiveness by staff, and a lack of clear design standards. Top recommendations made by MAXIMUS include more complete implementation of automated permitting and project tracking software, assigning an Engineering representative to City Hall on a part-time basis, filling the Senior Planner vacancy and funding a half-time contract planner, establishment and tracking of performance measures for development review, clarification of customer service policies, better documentation of meeting outcomes, improved routing of plans, and a reduction in processing time goals for initial submittals.

It is important to note that the study focused on areas for improvement. At the same time, the consultant noted that, in several instances, the City's customers provided positive feedback on the service they received. In addition, a number of strengths are noted when comparing the City's procedures to best practices in the field. Once the Council receives the report, staff recommends returning to the Council with a management response to the study. This report will address the study recommendations and assess how these activities can be accomplished given existing City policies, organizational structure, and financial resources.

#### **FISCAL IMPACT:**

No budget adjustment required at this time.

# CITY OF MORGAN HILL Study Report on Development Processing Services

Final Draft - September 10, 2002

#### Prepared by:

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APPENDIX A - Sample Plan Check Brochure

#### I. EXECUTIVE SUMMARY

This executive summary includes a brief overview of the information gathered by the Consultant for this study, and outlines key findings and recommendations.

MAXIMUS was selected in April, 2002, to do this study of development processing services in Morgan Hill. Among the data collection methods used in the course of the study were:

- Interviews with 18 developers and other sophisticated customers having experience with projects in Morgan Hill
- An anonymous customer survey mailed to approximately 375 building permit applicants. Most were randomly selected, but approximately 65 names were added to ensure that all types of customers were represented.
- A position questionnaire and anonymous opinion survey distributed to all City employees involved in development processing services as well as Santa Clara County Fire Department employees involved in Morgan Hill's development approval process.
- · Interviews with most City employees in development processing activities.
- A best practices analysis of development processing procedures
- A review of policies, ordinances, organization charts, logs, case files, staff reports, agendas, workload data, application forms and instructions, customer comment files, and other documents.

#### ORGANIZATIONAL PROFILE

Section III of this report contains an organizational profile summarizing information about the development trends in Morgan Hill and the volume of various types of applications processed over the last six to ten years. That section also contains organization charts of development processing units and descriptions of development processing responsibilities of units and individual employees.

#### CUSTOMER INTERVIEWS

Section IV summarizes the results of customer interviews. Many applicants expressed high praise for the City staff members involved in development review, but there were also a number of concerns regarding both processing and customer service issues. Not surprisingly, Measure P was a major topic of customer comments. Key issues are summarized below.

- Measure P. To the extent that comments address the existence of Measure P, they are beyond the scope of this study. However, some customers had suggestions about the way in which the Measure P process relates to other approval processes and how they could be made more efficient and less burdensome on applicants. A related concern was the effect of Measure P workloads on the ability of staff to process non-residential projects.
- Development Review Timelines. The amount of time required to process development applications was a major concern for most of those interviewed. A number of customers believe that issue is related to staffing levels that are inadequate for current workloads.
- Lack of Responsiveness by Planning. Some customers expressed concerns about the ability of the Planning Division to process projects expeditiously and to communicate effectively with applicants.
- Lack of Clear Standards/Inconsistent Interpretations.

  Another significant issue was the apparent lack of clear design standards and a belief that regulations are interpreted differently by different planners.
- ARB Process. Re-establishment of the Architectural and Site Review Board is thought to increase both the time involved in processing applications and uncertainty about the outcome.
- Review Time for Final Maps. Most subdividers interviewed believe that review of final subdivision maps and improvement plans by Engineering requires too much time.

- Fire Department Requirements. A few interviewees believe Fire Department development standards and requirements for paved access during construction are unreasonable. (These are policy issues not process issues.)
- Tenant Improvement Processing. Commercial developers believe there is a need for fast-track processing of small tenant improvement permits.

The issues raised in the interviews were compared with information obtained from other sources and evaluated as part of the overall assessment of development processing services. More detail on customer interviews is provided in Section III of the report.

#### CUSTOMER SURVEY

Section V of the report summarizes the results of a customer survey conducted by MAXIMUS for this study. Of approximately 375 surveys mailed, 76 were returned—a response rate of about 20%. A second mailing with a letter from the Mayor was required to reach that level. More than half (58%) the respondents were homeowners with limited experience in obtaining development permits. Other groups represented were homebuilders, commercial developers, contractors, business owners, and a few architects and engineers.

The survey contained a multiple choice section consisting of 15 statements. Respondents were asked to indicate the extent to which they agreed or disagreed with the statements. The questions were framed so that agreeing with a statement reflected a positive view of some aspect of the City's process.

Three of the fifteen statements received more than 70% favorable responses. Those receiving the highest percentage of favorable responses dealt with:

- Scheduling of inspections and the helpfulness of building inspectors.
- · The positive, helpful attitude of the front-line staff
- · Ease of obtaining information about permitting procedures

The two statements that received the most unfavorable responses dealt with:

- Effectiveness of City departments in working together in reviewing applications
- Effectiveness of staff in anticipating problems and helping the applicant avoid them

Narrative comments provided in the surveys included both very positive and very negative responses and some mixed reviews. Those comments are excerpted in the report. More detailed information on customer surveys is provided in Section V of the report.

#### EMPLOYEE SURVEYS AND INTERVIEWS

Two types of survey forms were distributed to all City employees involved in development processing services. One was a position questionnaire requesting some basic factual information about the employee and his or her position and responsibilities. The other was an anonymous survey asking employees for their opinions about the City's development processing organization and operations. Twenty-eight employee survey forms were distributed and 27 were completed and returned.

As with the customer survey, a multiple choice section of the employee survey contained a series of statements framed so that agreement by the employee indicated a positive view of the issue addressed in the statement. In general, responses indicated that employees have a very positive opinion of the City's development processing services. only statement that did not receive a strongly positive response was one that read, "In my department/division, at present, staffing is adequate to meet our performance standards most of the time." The responses to that statement were negative by a margin of two-to-one. Responses to statements about customer service, organizational structure, processing timelines, and efficiency compared with other cities were all strongly positive, as were the other statements in that section of the survey.

The employee survey also contained a section asking employees for narrative responses to several questions, and gave them the opportunity to address any concerns they might have about the organization or processes. Those open-ended questions were augmented by interviews with most of the staff involved in development processing. The results are summarized below.

- Workloads and Staffing. Heavy workloads and inadequate staffing were the most significant issues for employees. These conditions were seen by employees as a concern, not only for their effect on processing time, but also for their potential to cause employee frustration, burnout, and turnover. The Measure P review process was identified as a major factor contributing to heavy workloads.
- Need for Better Project Tracking. The need for better project tracking and access to project status information was noted by many employees.
- Need for Central Location for Development Processing Staff. Several employees mentioned the need for a one-stop permit center, and others noted the need to have Public Works Engineering staff available in City Hall to coordinate with other divisions and to serve customers.
- Other Issues. Other issues raised in employee surveys and interviews included: a need for improvements in workspace size and configuration, and computer equipment and software; concerns about efforts to expedite high priority commercial projects at the expense of other projects in the processing queue; and, the inefficiency of contracting with environmental consultants for individual projects instead of having a blanket contract.

More detailed information on employee surveys and interviews is provided in Section VI of the report.

#### BEST PRACTICES

Section VII of the report provides lists of best practices in development processing for the Planning, Building, and Engineering Divisions and assesses current strengths and opportunities for improvement.

#### FINDINGS AND RECOMMENDATIONS

**Overall Assessment.** On the whole, MAXIMUS found that the departments and divisions involved in Morgan Hill's development review process are efficiently organized and very effective in applying the City's regulations to development

projects. Staff are competent and hard-working, and the procedures used in processing development applications include many of the best practices recommended in this report. In spite of heavy workloads and some recent vacancies in Building, Planning, and Engineering, those divisions provide service that meets customer expectations much of the time.

Opportunities for improvement identified in this study included the potential to reduce processing time for some applications, to correct some lapses in customer service, and to manage the development review more effectively by obtaining and using better management information about processing performance. The study also identifies some ways in which the process could be made less complex and more predictable. The Divisions involved in development review are already working to institute changes that will enhance customer service and prevent recurrence of some problems encountered by customers in the past.

Focus Areas. The City identified four transaction types to receive special attention in this study. Comments on those focus areas are summarized below. In addition, comments on the organizational structure of development processing units are included here.

- Over-the Counter Permitting. Tenant improvement permits was the one area where this study identified a potential for improved over-the-counter or fast-track service.
- Subdivision Approval Process. The report notes that Morgan Hill's subdivision approval process is intertwined with Measure P and design review, and suggests ways in which the process might be simplified and duplication eliminated. Aside from the complicating effects of related processes, the tentative map approval process appears to work well most of the time. Approval time for final maps was a concern for several customers and we are recommending a reduction in the standard timeline for first submittals of final maps and improvement plans.
- Design Review of Commercial and Industrial Projects. Re-establishment of the ARB has added time to the overall approval process and has increased uncertainty for applicants whose projects are subject to design

review. Perceived inconsistency in the interpretation of design standards by different staff members, and between the staff and the ARB, is a concern. The report recommends adopting more definitive design standards and ensuring that design review by the ARB is limited to applying adopted standards rather than imposing independent design judgments. The study also recommends that the City Council reconsider the practice of using City-initiated PUD rezonings to control the design of commercial projects.

- Evaluation of Written Materials. Correspondence from City staff was found to be well-written and business-like, and the City's very attractive new web site provides convenient access to much useful material. A need for improvement in some applicant information handouts is noted in the report.
- Organizational Structure. The organizational structure of development processing divisions is flat and efficient. Division managers supervise 5-7 staff members and are also actively involved in development processing and other activities in addition to their management responsibilities.

The specific recommendations contained in the report are summarized briefly below.

- Throughout the Organization. The Tidemark permitting and project tracking system now used by Building should be implemented in Planning and Engineering as well. That system can improve interdepartmental coordination and provide critical management information about development processing performance. Plans are in already in the works to accomplish that improvement
- Work Toward Creating a True One-Stop Permit Center.

  The City needs a single location where all development processing units can be co-located. In the short term, Engineering should station a representative in City Hall part-time. In the long run, the existing library or another building should be acquired to house Planning, Building, and Engineering together.
- · BAHS Should Work Through the Economic Development Coordinating Group to Obtain Expedited Processing

for Economically Important Projects and Expedited Schedules should be documented. These recommendations are intended to improve success in achieving expedited processing for certain commercial projects.

- Planning Should Fill the Vacant Senior Planner Position and Continue Funding for a Half-time Contract Planner Through FY 2002-02. The City should renew attempts to fill the vacant Senior Planner position and continue funding for a half-time contract planner through the fiscal year in response to heavy workloads in Planning. That contract planner position may not be needed in the future if the development approval process is simplified and/or workloads decrease.
- The Planning Division Should Upgrade Performance Standards and Improve Performance Measurement for Development Processing. This set of recommendations addresses procedures and performance measurement in Planning, and proposes changes in standards for processing time and more systematic tracking of the Division's performance in meeting those standards. Clarification of customer service policies is also addressed.
- Clarify Performance Standards and Improve Performance Measurement in Planning. The Planning Division should clarify its processing timelines and customer service standards and track performance in those areas.
- Standards for Design Review Should Be More Definitive. There is a need for more definitive design standards (new standards are under development) and design review should be limited to the application of adopted standards.
- Consider Changes in Measure P to Reduce Processing Time and Staff Workloads. In preparing a new initiative petition to re-authorize Measure P, the City should consider ways reduce overlap and conflicts with other approval processes to reduce processing time and staff workloads.
- Planning Should Change Some Practices that Add to Staff Workloads, Unnecessarily. This recommendation

deals with some practices that could be changed to reduce workloads without any negative effects on customer service.

- Engineering Should Reduce Processing Time Goals for Initial Submittals and Improve the Measurement of Performance in Meeting. Although processing time goals for initial submittals in Engineering are reasonable, they could be improved, and success in meeting those goals should be measured more effectively.
- Engineering Should Develop Fast-Track Processing Procedures for Simple Projects. Engineering should adopt procedures to allow for fast-tracking of simple projects, which is not routinely available at present.
- The Building Division Should Refine Plan Checking Timelines for Different Types of Projects and Establish Procedures Consistent with those Timelines. Plan check times in Building need to be more closely tailored to the requirements of particular project types.
- The Building Division Should Respond to Inspection Requests Within One Work Day at Least 95% of the Time. This policy reiterates the need to respond to inspection requests within one work day. A recent vacancy in one Building Inspector position had reduced the ability of the Division to maintain that standard.
- The City Should Create a Full-time Position for a Building Maintenance Supervisor. In response to increasing demands for building maintenance as more City buildings are constructed, the City should create a full-time position for a Building Maintenance Supervisor. That change would allow the Chief Building Official and one Building Inspector to devote more time to plan checking.
- The City Should Re-classify One Building Inspector Position. One Building Inspector position should be reclassified to a Senior Inspector level. That position would be the lead building inspector and would be involved in plan checking.

• The Building Division Should Develop More Detailed Plan Check Brochures. The Building Division should develop more detailed instructions for plan check submittals and should make them available at the counter and on the City's web site.

#### IMPLEMENTATION PLAN

Section IX of the report contains an implementation plan indicating the priority of each recommendation, the timing of implementation, who is responsible for implementation, and the estimated cost or cost saving.

#### II. INTRODUCTION

The City of Morgan Hill engaged MAXIMUS in April 2002 to perform a study of the City's development processing services, broadly addressing the organization, operations, and staffing of departments and divisions providing those services. In this report, the term "development processing services" is intended to include all activities involved in processing development applications from the applicant's initial contact with the City through building inspections.

#### PURPOSE OF THE STUDY

The City of Morgan Hill undertook this study to evaluate how well services are currently provided, and to identify ways in which the City might improve its processes to meet customer needs.

#### STEERING COMMITTEE

Consulting work on this study by MAXIMUS was overseen by a Steering Committee made up of senior City staff members from departments and divisions providing development processing services, as well as senior staff from the City Manager's office and the Business Assistance and Housing Services which provides ombudsman services to applicants.

#### *METHODOLOGY*

This study was carried out by MAXIMUS consulting staff having extensive experience with development processing services. The analytical techniques used in assessing Morgan Hill's development processing services included:

- An employee position questionnaire designed to obtain basic factual information about the responsibilities and experience of individual staff members in the departments and divisions providing development processing services
- An anonymous employee opinion survey designed to elicit candid opinions from employees regarding the efficiency and effectiveness of the approval process, issues needing to be addressed, and recommendations for improvement

- Individual interviews with approximately 18 City employees involved in development processing services or related activities
- Individual interviews with approximately 20 applicants having extensive experience with development processing in Morgan Hill—those interviewed included homebuilders, commercial developers, project managers, real estate brokers, and others having experience with Morgan Hill's development services
- A customer survey mailed out to approximately 300 applicants randomly-selected from calendar year 2001 building permit applicants and about 65 additional customers selected by City staff to include a wider range of applicant types
- Review of documents including City budgets, procedure manuals, organization charts, process flow charts, project logs, activity reports, design and engineering standards, application forms and informational materials, and Measure P competition scoring criteria
- Research on successful development approval practices used by other cities

#### ABOUT MAXIMUS

This study was carried out by the Management and Financial Services Division of MAXIMUS, Inc. MAXIMUS is a publicly-traded company providing a wide-range of consulting and program management services for local and state governments. The Management and Financial Services (MAFS) Division, formerly David M. Griffith & Associates and DMG-MAXIMUS, specializes in fiscal and management consulting for local governments across the U. S.

MAFS has offices in 33 U.S. cities and 24 states, with California offices in Sacramento, Oakland, and Irvine. The Division provides a wide array of consulting services to our clients. Those services include management audits and operational reviews, executive recruitment, fleet management consulting, information technology consulting, user fee and impact fee studies, indirect cost allocation plans, and (in California) state mandate cost claiming under SB 90. Over the last five years, MAXIMUS has performed more than 150 management audits, operational reviews, and other management studies across the United States, including at

least thirty that involved community development organizations—either as focused studies or as part of citywide management audits. Other recent California studies involving community development processes included work for San Jose, Sunnyvale, Manhattan Beach, Orange, San Clemente, and San Diego,

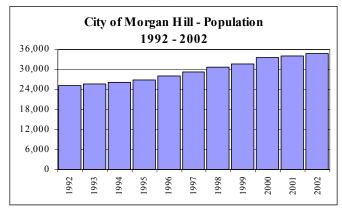
#### III. ORGANIZATIONAL PROFILE

This section of the report profiles the departments and divisions that provide development processing services, and provides some background on the development environment in which the City operates.

#### DEVELOPMENT ACTIVITY IN MORGAN HILL

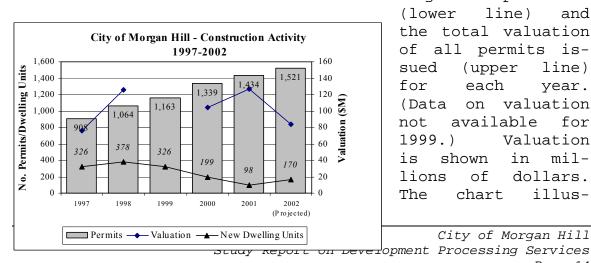
Following the severe recession of the early 1990s, demand for new housing in the San Francisco Bay Area intensified beginning about 1995. Development in Morgan Hill reflects that pattern. After several years of population increases

in the 2% range, growth in Morgan Hill accelerated to an average of 3.5% per year in the last half of the dec-Since 2000, ade. nual increases dropped back to about 2%, apparently owing to the constraints of the City's residential development control sys-



The chart at right illustrates January 1 poputem (RDCS). lation estimates for Morgan Hill for each year from 1992 through 2002.

The chart below shows the number of building permits of all types (indicated by vertical bars) issued by the City from 1997 through 2001, with projected values for 2002. chart also shows the number of new dwelling units permitted



line) (lower the total valuation of all permits issued (upper line) for each year. (Data on valuation available for not 1999.) Valuation is shown in milof dollars. lions chart illus-

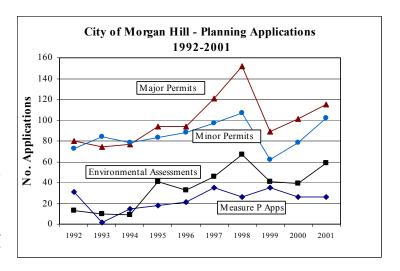
City of Morgan Hill

Page 14

trates a steady increase in total permits issued (average 11% per year). Valuation has fluctuated from year to year and the number of new dwelling units has declined markedly from the beginning

to the end of the period shown.

chart at right The applications shows for planning approvals for fiscal years through 2001. Applications are shown four in groups: major permits (e.q., annexation, general plan amendment, zoning amendment, CUP, sub-

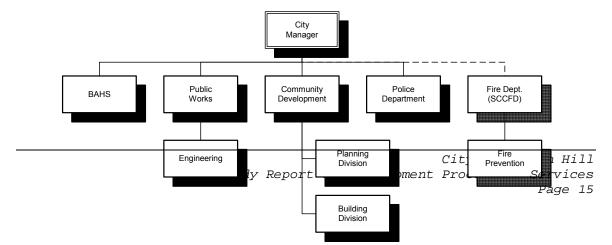


division), minor permits, environmental assessments and Measure P applications. Major permits and environmental assessments have trended upward, with a spike in fiscal years 1997 and 1998. Minor permits also trended upward, except for a significant dip in fiscal years 1999 and 2000. Measure P applications have ranged between 26 and 35 for the last 5 years. In all categories other than Measure P applications, 2001 application volumes were higher than in any other year during this period, except for 1998.

#### OVERVIEW OF THE DEVELOPMENT PROCESSING ORGANIZATION

The organization chart below shows the relationships among departments and divisions providing development processing services in Morgan Hill. This chart includes only those units within the City organization that play some role in

## Organization Chart Development Processing Departments



development approval.

The following paragraphs provide a brief summary of the ways in which various elements of the City organization are involved in development approval processes. Organization charts for relevant departments and divisions are provided.

Community Development Department. The Community Development Department encompasses the Planning and Building Divisions. The Community Development Director is the only staff position in the Department outside those two divisions. The Director estimates that directing the planning and building permit processing systems occupies 35% of his time.

Planning Division. The Planning Division plays the lead role in the entitlement of land development projects. Planning oversees environmental reviews of discretionary development projects and reviews applications for a wide range of development approvals including:

- Annexation
- Architectural/Site Plan
  Review
- · Conceptual Plan Review
- · Conditional Use Permit
- · Development Agreement
- General Plan Amendment
- Preliminary Plan Review
- RDCS (Measure P) Allotment <sup>1</sup>
- RPD/PUD/TUD <sup>2</sup>
- · Sign Permit
- Tentative Subdivision/Parcel Map
- · Tree Removal Permit
- Variance
- · Zoning Amendment
- $^{1}$  RDCS = Residential Development Control System
- RPD = Residential Planned Dev./PUD = Planned Unit Dev./TUD = Theme Unit Dev.

#### **Organization Chart** Planning Division Community Development Director Planning Manager Associate Administrative Assistant Contract Planning Senior Secretary Office City o Till Assistant I Study Report on Development Proces ces Page 16

The Planning Division routes development applications and plans to other City departments and divisions including Building, Public Works Engineering, Fire, and Police. Planning also routes applications and plans as needed to outside agencies including the City of Gilroy (for wastewater pretreatment review), the Morgan Hill Unified School District, the Santa Clara Valley Transportation Authority (VTA), and the Santa Clara Valley Water District, as well as private utilities. Planning conducts weekly Development Review Committee (DRC) meetings that serve as a forum for discussion of new development applications by representatives of various City departments and divisions.

The Planning Division is authorized to approve some minor development permits administratively. In most cases, however, the Planning staff, with input from other units as needed, reviews applications and prepares staff reports for the Architectural and Site Review Board, the Planning Commission, and/or the City Council, depending on the nature of the application. Staff reports evaluate the proposed project and recommend approval, or denial. Staff reports often include a list of recommended conditions for approval based on analysis by the Planning Division and other units reviewing the project.

Planning prepares notices of public hearings and mails notification letters as required by law to owners of properties near a project site. The Division is also responsible for much of the extensive coordination and documentation that is necessary following approval of a project.

Another major responsibility of the Planning Division is managing the City's Residential Development Control System (RDCS), which was enacted by Measure P, a voter initiative passed in 1990. Each year, the City conducts a competitive application process to allocate the limited number of residential unit allotments available under the RDCS. process, occurs over a period of three or four months, and involves scoring development proposals against a complex set of criteria. The process is extremely labor-intensive for Planning as well as for other departments and divisions involved in the development approval process. Even after the selection process is complete, the RDCS imposes a significant workload on Planning, which prepares and administers development agreements for each project that receives allotments and monitors compliance with development processing schedules for those projects.

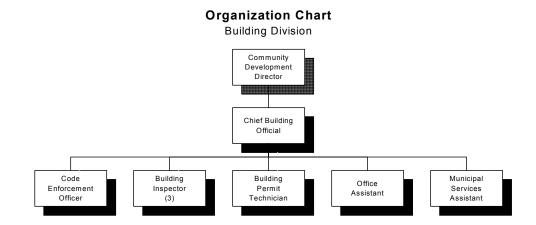
Building Division. The Building Division has primary responsibility for enforcing the adopted building codes and reviewing construction plans for projects that involve building construction. The Division has three primary functions:

- Plan check for building code compliance and permits issuance
- · Construction inspections to ensure code compliance
- · Code enforcement

Additionally, the Chief Building Official and one Building Inspector devote a portion of their time to staffing the Building Maintenance Division.

The Building Division receives building permit applications and plan submittals, and reviews plans for compliance with applicable codes and regulations, including energy and California accessibility standards. In some cases, the Division refers plans out to a consultant for plan checking. The Division is also responsible for administering contracts for geological studies. Building distributes building permit submittals to Planning, Engineering, the Business Assistance & Housing Services Department, the City of Gilroy (for wastewater pre-treatment review), and the Santa Clara County Fire Department (which provides fire protection services to Morgan Hill under contract). The Building Division also coordinates with outside agencies such as the Air Quality Management District, the County Health Department, and the gas and electric utilities.

Before issuing a building permit, the Building Division addresses any issues raised by other departments or agencies. Once plans for a project have been checked and approved, the Building Division issues building permits, conducts inspections during construction, and certifies satisfactory completion.



The Code Enforcement function consists of one Code Enforcement Officer assigned to the Building Division. The Code Enforcement Officer responds to complaints of zoning violations, including sign code violations, and other problems. The Code Enforcement Officer also handles building code enforcement, including follow-up in cases of construction without a building permit as well as inspections of annexed areas and structures.

Morgan Hill contracts with the Santa Fire Department. Clara County Fire Department (SCCFD) for fire protection The department's Fire Prevention Division conservices. ducts fire and life safety plan reviews for building construction and land development projects. Building and land development plans are routed to the Fire Department by the Building and Planning Divisions. SCCFD reviews building plans for compliance with the adopted Fire Code and land development plans for fire department access, hydrant locations, and fire flow. SCCFD also reviews plans for fire sprinkler and alarm systems to ensure that they comply with the Fire Code.

The SCCFD Fire Prevention Division has two Deputy Fire Marshal (DFM) positions assigned to Morgan Hill for inspections. One DFM typically performs duties in Morgan Hill five day per week and the other works in Morgan Hill between two and five days per week, depending on workload. One of the Deputy Fire Marshals is available at the Building Division counter two half-days per week to answer questions and review simple plans and one or both attend weekly Development Review Committee (DRC) meetings to discuss new applications. A SCCFD HazMat Specialist performs plan

checks and inspections related to hazardous materials use and storage in the City. In addition, the Division's Access and Water Supply Officer reviews site plans for development projects in Morgan Hill, and a SCCFD Fire Protection Engineer performs building plan checks for building fire safety and fire protection systems.

**Public Works - Engineering.** The Engineering Division of the Public Works Department provides several types of development processing services, including:

- Review of plans submitted for discretionary planning approvals
- · Review of plans submitted for building permits
- Review of final subdivision maps/parcel maps and legal descriptions
- Review of plans for public improvements to be constructed in connection with a development project
- Issuance of encroachment permits for construction within the public right-of-way
- · Inspection of off-site improvement construction

During the review of discretionary permits, the Engineering Division receives copies of development applications from the Planning Division and reviews circulation, access, grading, drainage, and connections to water and wastewater systems. Engineering also reviews applications for building permits where engineering issues may arise in the design of streets, traffic control, water, sewer, or drainage systems. If plans do not meet the City's standards, Engineering proposes revisions or conditions of approval.

Final subdivision maps and parcel maps are submitted to Engineering along with plans

**Organization Chart Engineering Division** Deputy Public Works Director Senior Inspection Engineer Supervisor Assistant Senior Engineer Inspector Engineering Aide Inspector П Engineering Aide Contract Plan Checker

for public improvements to be constructed by the developer. Engineering reviews mapping and legal descriptions of parcels, easements, etc. Improvement plans are reviewed to ensure they meet City standards and the conditions included

in development agreements. Before final approval and recordation of a subdivision map, Engineering collects certain fees and ensures that required bonds and insurance are provided. Public works inspectors conduct inspections during construction and at the end of the warranty period for improvements.

Business Assistance and Housing Services Department (BAHS). The Business Assistance Division of BAHS is responsible for the City's economic development and redevelopment activities and housing programs. Business Assistance is involved in the development approval process as an ombudsman for businesses and developers in their interactions with the City and in its role assisting businesses with site selection and development processing. Business Assistance can also provide economic assistance to certain types of construction or development projects

When needed, BAHS helps guide applicants through the development approval process, and serves as a mediator in cases where the City's approval process or development standards create obstacles to business attraction, expansion, and/or retention. BAHS staff do not have a formal role in the process, but become involved when the need arises.

The tables on the following pages show relevant positions in the City departments or divisions principally responsible for development approval activities, along with the development processing responsibilities and rough time allocations for each position. Time allocations are based primarily on the position questionnaires completed by employees for this study, but the information has been edited for clarity and consistency. Positions that have no responsibility for development processing are omitted form these tables.

# Community Development Director and Planning Division Staffing and Time Allocations

Position/	Position/ Principal Responsibilities						
Incumbent	and Time Allocations						
Community Development	Direct Building and Planning Divisions						
Director	(35%)						
David Bischoff	Direct citywide planning programs and ini-						
	tiatives (20%)						
	Department administration (20%)						
	RDA capital projects planning and admini-						
Diam'r Managan	stration (25%)						
Planning Manager Jim Rowe	• Application review/staff report preparation (32%)						
	Staff Planning Commission (12%)						
	• Economic development/Redevelopment Agency (24%)						
	Administration/other (26%)						
	Intergovernmental liaison (6%)						
Senior Planner Terry Linder	• Application review/staff report preparation (85%)						
	• Applicant assistance/public information (10%)						
	• Special projects (5%)						
Associate Planner Rebecca Tolentino	• Application review/staff report preparation (60%)						
	• Applicant assistance/public information (20%)						
	• Special projects (20%)						
Assistant Planner Scott Plambaeck	• Application review/staff report preparation (30%)						
	• Applicant assistance/public information (30%)						
	• GIS/Mapping (10%)						
	• Special Projects (30%)						
Contract Planner (0.5 FTE)	• Application review/staff report preparation (50%)						
Planning Technician Joan Hall	• Applicant assistance/public information (40%)						
	• System administrator - permit tracking system (30%)						
	Reports (RDCS status reports) (10%)						
	Building plan checks (10%)						
	Application review (minor permits) (10%)						
Administrative Secre-	Prepare and distribute agenda packets for						
tary Frances Smith	ARB, Planning Commission, City Council, and other committees (35%)						
	• Follow-up actions by staff, ARB, PC, and CC						
	by processing resolutions, ordinances, let- ters, agreements, etc. (35%)						
	Administrative duties/supervise staff (20%)						

	<ul><li>Preparation of Public Notices (6%)</li><li>Scheduling/agendas for ARB, PC, CC (4%)</li></ul>
Office Assistant II Phyllis Dieter	<ul> <li>Answer phones/public information (30%)</li> <li>Processing new applications/maintaining files (25%)</li> <li>Preparation of public notices (20%)</li> <li>Contract processing/accounts payable (20%)</li> <li>Maintain project log/process development agreements (5%)</li> </ul>

# Building Division Staffing and Time Allocations

Position/	Principal Responsibilities
Incumbent	and Time Allocations
Chief Building Official Larry Ford	<ul> <li>Participate in various internal and external meetings and committees (35%)</li> <li>Plan review (20%)</li> <li>Manage and supervise staff from office, inspections, and code enforcement. (20%)</li> <li>Building maintenance (15%)</li> <li>Complete various reports and coordinates the development review process with other departments. (10%)</li> </ul>
Building Permit Tech- nician Anna Saenz	<ul> <li>Plan check distribution and tracking (60%)</li> <li>Issue permits/plan checking (30%)</li> <li>Addressing (5%)</li> <li>Monitoring geological studies (5%)</li> </ul>
Municipal Services Asst. Kathy Schuler	<ul> <li>Answer phones/customer service (30%)</li> <li>Issue permits (30%)</li> <li>Serve as the Building Official's assistant (15%)</li> <li>Maintain policy &amp; procedures, forms, and public handouts materials (10%)</li> <li>Complete various reports (15%)</li> </ul>
Office Assistant Mary Anne Kendall  Code Enforcement Of-	<ul> <li>Issue permits (25%)</li> <li>Answer phones/customer service (20%)</li> <li>Filing and microfilm prepping (20%)</li> <li>Research and record retention (20%)</li> <li>Cash collection (15%)</li> <li>Completing reports (65%)</li> </ul>
ficer Steve Pennington	<ul> <li>Field investigations (25%)</li> <li>Building and annexation inspections (10%)</li> </ul>

Building Inspector Ken De Luna	<ul> <li>Building inspections (50%)</li> <li>Building maintenance (40%)</li> <li>Plan check/answer development questions (10%)</li> </ul>
Building Inspector Richard Thornton	<ul><li>Building inspections (90%)</li><li>Answering code questions (5%)</li><li>Purging files (5%)</li></ul>
Building Inspector Vacant	<ul> <li>When filled, this position is expected to be assigned to conduct building inspections and provide plan review and customer ser- vice backup.</li> </ul>

# Engineering Division Staffing and Time Allocations

Position/	Principal Responsibilities				
Incumbent	and Time Allocations				
Public Works Director	• Department management/budget (15%)				
Jim Ashcraft	• Reports and Presentations (20%)				
	<ul> <li>Project oversight (20%)</li> </ul>				
	• Review/sign plans (5%)				
	• Personnel supervisions (10%)				
	• Other 30%				
Deputy Public Works	• Review development proposals (30%)				
Director/City Engi-	<ul> <li>Review CIP projects (15%)</li> </ul>				
neer	<ul> <li>Special projects (30%)</li> </ul>				
Karl Bjarke	• Administration (25%)				
Senior Engineer/Land	<ul> <li>Review maps and improvement plans (30%)</li> </ul>				
Dev.	<ul> <li>Review building permit applications (15%)</li> </ul>				
Scott Creer	<ul> <li>Review planning applications (DRC) (10%)</li> </ul>				
	<ul> <li>Applicant assistance/public information (15%)</li> </ul>				
	<ul> <li>Environmental review (Traffic studies) and Traffic engineering (30%)</li> </ul>				
Assistant Engineer	<ul> <li>Review site development plans (20%)</li> </ul>				
Emi Totschinger	<ul> <li>Capital improvement projects (30%)</li> </ul>				
	• Prepare NPDES permit (40%)				
	• Document preparation (10%)				
Contract Plan Checker	• Review maps and improvement plans (45%)				
Bob Williamson					
(0.45 FTE)					

Engineering Aide II John Henry	<ul> <li>Review/issue encroachment permits (25%)</li> <li>Technical support/design (25%)</li> <li>Mapping/drafting (10%)</li> <li>Applicant assistance/public information (20%)</li> <li>Inspections (10%)</li> <li>Training/support (10%)</li> </ul>
Engineering Aide Mark Rauscher	Not Available
Engineering Aide I Mario Jimenez	<ul> <li>Mapping/drafting (50%)</li> <li>Computer support (30%)</li> <li>Review/issue encroachment permits (10%)</li> <li>Applicant assistance/public information (10%)</li> </ul>
PW Inspector Super- visor Kevin Higgins	<ul><li>Public works inspections (70%)</li><li>Supervision (25%)</li><li>Plan review (5%)</li></ul>
Senior PW Inspector Shannon Rogers	<ul> <li>Development inspections (75%)</li> <li>Capital improvement project inspections (25%)</li> </ul>

# IV. CUSTOMER INTERVIEWS

As part of this study, MAXIMUS conducted a total of 18 interviews with individuals from the private sector who have considerable experience in processing development applications through the City of Morgan Hill. The majority of interviewees were developers or development project managers, but other disciplines were also represented. Six interviews were conducted in person at the Morgan Hill Chamber of Commerce office over a two-day period in June, 2002. However, most of those contacted for interviews found it more convenient to be interviewed by telephone.

Interviews followed a loosely structured format, but there was no attempt to restrict the discussion to matters raised by the interviewer. The following paragraphs summarize the key concerns raised in these interviews. With respect to broad issues, there was considerable agreement among participants as to the most problematic aspects of the development approval process

## POSITIVE FEEDBACK

Although the primary purpose of the customer interviews was to identify issues to be addressed in the study, most interviewees provided a mix of positive and negative com-Among the most positive aspect of the interviews was the assessment of City staff involved in development approval processes. There was broad agreement that members of the City staff are mostly knowledgeable, hard-working, and professional, and that they make a real effort to provide high-quality customer service. Every department or division involved in the process had a substantial number of raving fans, and several individual staff members were singled out for praise. The vast majority of issues and concerns raised in the interviews focused on processes and policies rather than on the attitudes or abilities The most positive comments about the staff tended to come from customers who have worked extensively with the City, know the staff well, and understand Morgan Hill's processes thoroughly.

## ISSUES RAISED IN CUSTOMER INTERVIEWS

Significant issues raised in the customer interviews are summarized below. In general, the order in which they are presented reflects the number of times an issue was raised by different interviewees. Although the purpose of this study is to address development review processes, not policies, several interviewees commented on development policies (e.g., Fire Department access requirements) and those comments are included in this discussion as information and to provide context.

Measure P Issues. One way or another, the Measure P (Residential Development Control System) process came up as an issue in most of the customer interviews. For those involved in residential development, various aspects of the process itself were a source of concern. For those not involved in residential development, the issue is the amount of staff time devoted to Measure P and the consequent delays in approval of commercial and industrial projects. should be noted that those who have been successful in receiving allocations under Measure P do not favor changes in the basic framework of the program, but do object to some aspects of the process and/or its interaction with other approval processes. The following list summarizes Measure P concerns raised in the interviews. Again, some of these comments relate to policy rather than process.

- Measure P review workload causes delays in other projects
- There is too much duplication of effort between the Measure P allocation process, the subdivision approval process, and the architectural and site review process.
- · Resubmitting the same projects for allocations year after year is inefficient and bogs down the system.
- The City does not provide adequate information on Measure P; there is no brochure explaining the process; only regular players can compete
- Annual tweaking of the point system puts ongoing projects at a disadvantage
- · Measure P does not allow custom houses

- 10% below market rate (BMR) housing requirement in addition to 20% reservation for BMR units is excessive
- More flexibility is needed in BMR unit phasing

Lack of Timeliness, Responsiveness by Planning. Several interviewees involved in both residential and commercial projects commented that they must monitor the progress of their projects actively to ensure that the projects don't get stalled in Planning. A few contend that planners don't return phone calls within a reasonable time. Some suggested that Planning needs a better way of tracking projects to avoid delays, and two customers suggested that the Division may be violating timelines prescribed by the Permit Streamlining Act.

Many of those interviewed, including several who expressed these concerns, voiced generally positive opinions about the professionalism and helpfulness of the Planning Division staff, and suggested that these problems stem from the Division's heavy workload. Some others, especially those involved with commercial projects, were more critical of the Planning staff, objecting that planners delayed their projects unnecessarily, required multiple re-submittals, and failed to meet agreed-upon timelines.

Lack of Clear Standards and Inconsistent Interpretations by Planning. Several interviewees expressed the opinion that a lack of clear standards and inconsistency among planners leads to confusion and delays. According to those customers, interpretation of City regulations depends on which planner is assigned to review a project. Others felt that Planning sometimes fails to communicate its positions or the implications of its recommendations clearly, leading to misunderstandings and multiple re-submittals.

Some customers also complained that Planning adds new requirements after plans have been revised in response to the initial review. Developers who know the City's regulations well stated that they have sometimes found it necessary to appeal to the Planning Manager for clarification when the position of the case planner is not consistent with interpretations they have received on past projects. The concern regarding a lack of clear standards is especially relevant to architectural and site review. Some interviewes felt that, in recommending revisions and conditions,

staff tries to anticipate decisions of the Architectural and Site Review Board (ARB), the Planning Commission, and the City Council without clearly-stated policies.

Delays in the Architectural and Site Review Process. Several customers objected to delays caused by re-establishing the Architectural and Site Review Board (ARB). Additional processing time of at least three weeks is inherent in ARB review and one interviewee commented that the Board rarely requires fewer than two hearings on an application. It was also pointed out that in the case of Measure P projects, ARB action occurs at a juncture when critical design decisions have already been ratified in the Measure P process. A similar issue arises with respect to the preparation of development plans in connection with PUD zoning applications, because, as the process proceeds, the Planning staff, Planning Commission, City Council, and ARB may take different positions on a proposed design.

Long Review Times for Final Subdivision Maps and Improvement Plans in PW. Another common concern of interviewees is that the Public Works Department takes far too long to review final subdivision maps and improvement plans. In one specific case, a developer recalled that approval of a final map required a full year, including six months in Public Works. Others were concerned about delays in reviewing improvement plans for non-subdivision projects. Virtually all comments about the attitude and competence of Engineering staff were positive. Customers perceive inadequate staffing as the primary reason for delays in the processing of maps and improvement plans.

Unreasonable Fire Department Requirements. Few negative opinions about the Fire Department's processing procedures were expressed in the interviews, although one customer did object to a lack of easy access to Fire Department plan checkers. With respect to policies, some interviewees contended that the Fire Department imposes unreasonable requirements on development and does not take account of site-specific conditions. A new requirement for paved access, as opposed to a compacted base, prior to framing was specifically mentioned.

Lack of Express Reviews for Tenant Improvements. A few interviewees expressed concern regarding the amount of time required for approval of tenant improvements in Morgan Hill. Some questioned why such plans must be routed to

Public Works and the Fire Department, and cited much faster approval times (as short as one week) in some other cities. The practice of calculating impact fees for tenant improvements in Public Works was seen as causing unnecessary delays.

# V. CUSTOMER SURVEY

As part of this assessment, a survey was mailed to a random sample of applicants who applied for building permits and other development approvals during calendar year 2001. The survey form is reproduced in an appendix to this report. The sample included all applicants listed in project files having certain randomly selected numbers as the final digit of the City's file number. The initial mailing list consisted of 308 names. In an effort to improve the response, the survey was mailed again to the same list plus another 64 applicants.

Survey recipients were asked to return the completed surveys in postage paid, pre-addressed envelopes directly to the Consultant. Approximately 10% of the surveys from the two mailings were returned as undelivered because of incorrect or outdated addresses. Of the remaining surveys, 76 (20.4%) were completed and returned. That response level falls at the top of the expected range of 15-20%. Of the 76 respondents, seven indicated that they had not applied for permits in Morgan Hill. It appears that these were homeowners whose permits were obtained by contractors.

The customer survey was designed to reach a wide range of customers, including those such as homeowners and business owners who may be less experienced in navigating the approval process. The survey was intended to complement the customer interviews, discussed elsewhere in this report, which involved primarily developers, homebuilders and other sophisticated users who are who have considerable experience with Morgan Hill's development processing services.

The customer survey contains three sections. Section A asks for certain information about the respondent. Section B addresses the quality of service provided by various departments and divisions and asks respondents to rate the service provided by those units with which they have had experience. The rating scale included the following choices: excellent, good, fair, and poor.

Section C focuses on specific process issues. The technique used in Section C is to present a statement about some aspect of the development approval process. Survey

respondents were asked to choose from the following responses:

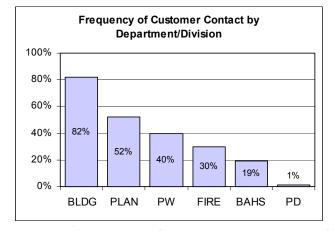
- Strongly Agree
- Somewhat Agree
- No Opinion
- Somewhat Disagree
- Strongly Disagree
- Doesn't apply

All of the statements are framed so that agreement by the respondent indicates a positive experience. The following sections provide information regarding the respondent pool, and a summary and analysis of responses.

## SECTION A. RESPONDENT PROFILE

Section A of the survey requested information about the respondents. Those responses are summarized below:

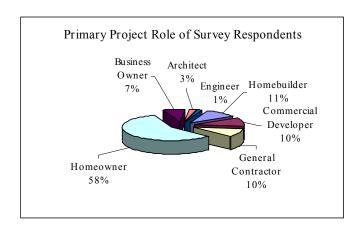
- · About 76% of respondents identified themselves as "one-time" or "occasional" customers, which indicates that
  - they have limited experience with the City's approval processes. Only 24% identified themselves as "frequent customers."
- Approximately 39% of the respondents had interacted with the City during the 6 months prior to the



survey. Another 42% reported "6 months to 1 year" and 19% reported "more than one year."

·As expected, the most frequent points of contact for survey respondents were the Building Division and the Planning Division. The chart above shows the percentage of all respondents reporting contacts with various departments or divisions. Because many respondents had dealings with more than one department or division, the sum of the percentages exceeds 100%.

 $\cdot$  The chart at below illustrates the distribution of re-



spondents by their role in the project. The largest share of survey respondents was made of homeowners up (58%). Commercial developers, homebuilders, and general contractors were roughly evenly proportioned at 10-11%, Business own-

ers represented 7% of respondents, and only a handful of architects or engineers, responded to the survey.

## SECTION B. DEPARTMENT SERVICE QUALITY

Section B of the customer survey asked respondents to rate the quality of service they received from each unit involved in the development approval process. The choices offered were: excellent, good, fair, and poor. One way to summarize the responses is to calculate an average score for each department. Using scores of 4, 3, 2, and 1 respectively for the choices listed above, we calculated the averages shown in the following table. The number of responses varies by department or division because most respondents did not have experience with all departments.

Danasakasa	٦.				1 0 0 0.	la = = = = = =		
Percentages	ao	HOL	Sulli	LO	TUU	Decause	OT	rounding.

ment/ Division	Responses	Score
Building	63	3.13
Planning	40	2.68
Public	31	2.63
Works	23	2.91
Fire	15	2.33
(SCCFD)		
BAHS		

A perfect score in these rankings would be 4.0. As the table shows, only Building had an average score above 3.0, in the good-to-excellent range.

Section B also included space for comments regarding the overall quality of development processing services. Some were very positive, and some very negative. Excepts of all comments are included below.

- "No problems. They have been very helpful to me."
  (Homeowner)
- "[Counter staff person] was a joy to work with, knowledgeable and efficient at all times." (Homebuilder)
- "I have always received great service and information...." (Homeowner)
- "It seemed to be a very efficient process." (Homeowner)
- "Geologic consultants are very difficult to work with." (General Contractor)
- "Very poor-non-cooperative-rude." (Homeowner)
- "Very poor service! Inconsistency! I will never come back." (Homebuilder)
- "No two people give the same info...Right hand doesn't know what the left is doing." (Homeowner)
- "MH is not too friendly with business." (Mentions sign permit problem and "ridiculous sewage fees" based on water usage) (Business Owner)
- "It seems you are sometimes understaffed in planning" (Business Owner)
- "Public Works should have representative at Counter.
   PW and Planning need to be able to communicate with applicants" (Commercial Developer)
- "Improvement plan check time through PW should be shorter." (Commercial Developer)

## SECTION C. SPECIFIC PROCESS ISSUES

Section C of the customer survey contained a series of statements about specific issues related to development processing services. A breakdown of the responses is shown below on a facsimile of that portion of the survey form.

SECTION C. SPECIFIC PROCESS ISS	UES					
In this section, please indicate how much you agree or disagree with each statement by checking the appropriate box. If you didn't encounter the situation described in a statement, check "DOESN'T APPLY".	STRONGLY AGREE	SOMEWHAT	NO OPINION	SOMEWHAT DISAGREE	STRONGLY	VALID RE- SPONSES

C.1	I found it easy to get the information I needed to understand the City's permit requirements and application procedures.	39%	33%	10%	10%	7%	67
C.2	Pre-application review helped me to avoid complications during the review of my project	27%	23%	23%	15%		52
C.3	If my application required approval by the Architectural Review Board, the Planning Commission, or the City Council, the Staff did a good job of explaining the process to me.	27%	20%	18%	25%	9%	44
C.4	I found it easy to get information about the status of my application after it was submitted.	27%	29%	10%	25%	8%	51
C.5	City staff communicated with me in a clear and timely manner	30%	30%	6%	21%	13%	63
C.6	Correspondence I received from the City was clear and easy to understand.	24%	44%	10%	18%	5%	62
C.7	The City's front line employees exhibited a positive, courteous, and helpful attitude.	58%	21%	7%	7%	6%	67
C.8	The time required to obtain my permits or approvals seemed reasonable.	35%	17%	8%	17%	22%	63
C.9	The number of office visits needed to obtain my permits or approvals seemed reasonable.	34%	26%	7%	12%	21%	58
C.10	City departments worked effectively together in reviewing my application.	25%	13%	11%	26%	25%	53
C.11	If my application or plans needed changes, the reasons were explained to my satisfaction.	25%	29%	13%	10%	23%	48
C.12	If problems arose during review of my application, City staff assisted me in solving them.	24%	24%	14%	28%	10%	50
C.13	City staff anticipated problems and helped me to avoid them.	15%	23%	21%	21%	21%	48
C.14	Inspection scheduling was convenient and inspectors were reasonable and helpful.	52%	35%	11%		3%	66
C.15	Service in Morgan Hill is equal to or better than in other cities where I have experience.	32%	16%	18%	16%	18%	56

The percentages shown in the table above indicate the percentage of valid responses to each question that fall into each response category. Valid responses are any other than "Doesn't Apply."

All of the statements in Section C of the survey were framed in a positive manner, so that when respondents agreed with the statement, the response indicates a favorable opinion of the issue being addressed. Some highlights of the response pattern are presented below. In making comparisons between favorable and unfavorable, responses, "Strongly Agree" and "Somewhat Agree" are considered favorable, while "Somewhat Disagree" and "Strongly Disagree" are considered unfavorable. "No Opinion" is considered neutral.

- Six of the 15 statements in Section C received more than 60% favorable responses. Only three of those exceeded 70% favorable responses.
- Five of 15 statements received less than 50% favorable responses.

The statements that received the  $\underline{most}$  favorable responses, in rank order were:

- C.14. Inspection scheduling was convenient and inspectors were reasonable and helpful. (87% favorable, 3% unfavorable)
- C.7. The City's front line employees exhibited a positive, courteous, and helpful attitude. (79% favorable, 13% unfavorable)
- C.1. I found it easy to get the information I needed to understand the City's permit requirements and application procedures. (72% favorable, 18% unfavorable)

Two statements received more unfavorable than favorable responses. They were:

- C.10. City departments worked effectively together
   in reviewing my application (38% favorable,
   51% unfavorable)
- C.13. City staff anticipated problems and helped me to avoid them. (38% favorable, 42% unfavorable)

Section C also included space for narrative comments. As was the case with narrative comments in Section B, some were very positive, some very negative, and some mixed. Excerpts of those comments are included below.

- "Fast, courteous, no issues." (Homeowner, One-time Applicant)
- "Keep up the good work!!!!" (Homeowner)
- "I was very impressed with Morgan Hill's programs to assist homeowners to improve their homes." (Homeowner)
- "The inspectors were very helpful and courteous." (Homeowner)

- "Staff very helpful, pleasant atmosphere." (Engineer, Frequent Applicant)
- "[Counter staff person] at the Building Dept. is Exceptional." (Architect, Occasional Applicant)
- "Great service in a friendly manner. As a general contractor and homeowner in Morgan Hill I have nothing but good things to say about the Building Department." (General Contractor/Homeowner, Occasional Applicant)
- "Contractor processed the permit, but I understand it was issued over the counter right away." (Homeowner)
- "Planning some need for improvement with part-time planner; Public Works - much too long a period for plan check and processing maps—need more flexibility. Interaction between Planning and Public Works needs improvement - lost or misplaced plans several times." (Homebuilder, Frequent Applicant)
- "My experience has been pleasant, but what I notice is the lack of communication between departments regarding procedures." (General Contractor, Frequent Applicant)
- "Morgan Hill has some very good people who are seriously overworked. It often takes 2-3 days to a week to get a call back from [Planning Division employee] or [Public Works Department employee].... It can be very frustrating and could over time burn these good people out." (Homebuilder, Frequent Applicant)
- "Usually the departments work well together, but I did have one experience where it took far longer to process between planning and PW that it should have. Overall, they do a good job." (Commercial Developer)
- "My roofer had no problems. The deck contractor (experienced in many cities and counties) said Morgan Hill was ridiculous—a nightmare—regarding plans, applications, clearing a stop work order." (Homeowner)
- "Permitting and enforcement should communicate and work together." (Homeowner, One-time Applicant)
- "Planning and Building Departments...They forget that they approved a project and they come along still and molest. It's very annoying." Homeowner, Occasional Applicant)
- "Charges and fees make the process intolerable." (Commercial Developer)

- "I feel having to get permits for reasonable home repairs is unreasonable." (Homeowner)
- "Extensive work and large delays caused by City geologic review and approval process. Very upsetting and unjustified." (Homebuilder/Frequent Applicant)
- "I strongly request to have pre-application review meeting instead of trial and error method." (Commercial Developer, Frequent Applicant)
- "Incorrect building codes were cited resulting in delays and unnecessary complications." (Homeowner, Onetime Applicant)

## VI. EMPLOYEE SURVEY AND INTERVIEWS

As part of this program review, MAXIMUS conducted a confidential survey of employees involved with the development process. MAXIMUS also conducted individual interviews with staff. Because there is a certain amount of overlap in the responses to the survey and the interviews, this section of the report summarizes the results of the both the employee survey and the interviews. Interview responses are summarized along with the analysis of Part II of the employee survey.

## EMPLOYEE SURVEY DESIGN

The employee survey was distributed to all staff of the Community Development Department and to selected staff from the Public Works Department, the Business & Housing Assistance, and the Santa Clara County Fire Department. Surveys were distributed in late April and employees were asked to return the completed surveys by May 10 directly to MAXIMUS. Twenty-eight employee surveys were distributed; 27 were completed and returned. The following table summarizes the number of responses by organizational unit:

Unit	Responses
Building	7
Business Assistance and Hous-	2
ing Services	
Fire - Santa Clara County	3
Planning	5
Public Works	5
Not Stated	5
Total	27

Responses are not discussed by organizational unit in this report due to the small size of the survey groups. The employee survey prepared by MAXIMUS contained two parts, as discussed below.

Part I. This "multiple choice" section was designed to cover a wide range of topics about the management, organization, and operation of the units involved in development services, while minimizing the employee's time and effort in completing this survey. Employees were asked to respond to 20 statements by selecting a number in the range from

"1" (strongly disagree) to "5" (strongly agree). The survey form also allowed employees to select "0" (doesn't know or doesn't apply).

Each statement in Part I was written in a positive manner, suggesting that some aspect of the development process is working as it should. For example, statement number 1 reads: "Morgan Hill is very customer-oriented in the way it provides development processing services." So, if the employee agreed with the statement (by selecting "4" or "5"), that response reflects a favorable opinion by the employee regarding customer orientation. If the employee disagrees (by selecting "1" or "2") that response reflects an unfavorable opinion regarding customer orientation. An employee may also select "3", indicating that he or she has no opinion about the statement.

Part II. Part II consisted of six open-ended questions. These questions provided the opportunity for employees to comment on selected issues at some length in their own words. The questions were designed to create opportunities for employees to offer their candid assessment of the process, and to make suggestions for improvements, if needed.

## EMPLOYEE SURVEY - PART I

The table below, shows the statements contained in Part I of the employee survey and summarizes the responses to those statements.

	EMPLOYEE SURVEY						
	PART I						
	is section, please indicate how much you agree or gree with each statement by checking the appropriox.	STRONGLY	SOMEWHAT AGREE	NO OPINION	SOMEWHAT DISAGREE	STRONGLY DISAGREE	NO. OF VALID RESPONSES
1	Morgan Hill is very customer-oriented in the way it provides development processing services.	52%	40%	4%	4%	0%	25
2	My department/division has clear, well-documented policies and procedures to guide the work of staff in processing development applications.	27%	59%	0%	14%	0%	22
3	My department/division, has established clear per- formance standards for the quality and timeliness of development processing services.	33%	50%	4%	13%	0%	24

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4	In my department/division, at present, staffing is adequate to meet our performance standards most of the time.	16%	16%	4%	28%	36%	25
5	My department/division is effectively managed and operates efficiently.	23%	50%	8%	15%	4%	26
6	The organization of my department/division is well- suited to its responsibilities in development pro- cessing.	32%	56%	4%	4%	4%	25
7	My department/division has established definite timelines for reviewing development applications and complies with those timelines most of the time.	52%	30%	9%	9%	0%	23
8	I have the training and resources I need to perform my work efficiently and effectively.	28%	44%	8%	16%	4%	25
9	My department/division makes good use of information technology to carry out its development processing functions efficiently and effectively.	28%	40%	8%	20%	4%	25
10	Coordination between my department/division and others involved in the development approval process is smooth and efficient most of the time.	20%	52%	4%	16%	8%	25
11	My department/division makes it easy for applicants to obtain the information they need to understand the development approval process.	38%	50%	0%	12%	0%	26
12	My department/division is very consistent in its interpretation of regulations and development standards from project to project.	29%	38%	17%	13%	4%	24
13	Applicants rarely need more than three submittals to get a project signed off by my department/division.	37%	37%	21%	5%	0%	19
14	In general, I believe my department/division is at least as efficient as similar operations in other cities.	71%	21%	0%	8%	0%	24
15	Managers and supervisors in my department/ division communicate effectively with staff at all levels and share information freely with employees.	27%	50%	4%	15%	4%	26
16	Managers in my department/division are receptive to new ideas and suggestions for improvements in the development approval process.	33%	46%	8%	13%	0%	24
17	In my department/division a reasonable amount of approval authority is delegated to front-line staff.	35%	39%	9%	13%	4%	23
18	I am encouraged to take initiative in resolving prob- lems encountered by applicants in the development approval process.	33%	50%	4%	13%	0%	24
19	In general, applicants' expectations for customer service and responsiveness in the development approval process are reasonable.	12%	56%	8%	24%	0%	25
20	My department/division encourages customer comments and makes an effort to learn from them.	40%	32%	16%	12%	0%	25

In reviewing the responses to the statements in Part I, it is important to look at the pattern of responses for the entire group versus the individual responses. To identify

these patterns, the project team plotted the distribution of responses to each statement by division and overall.

The chart on the next page summarizes the overall distribution of responses to statements 1 through 20 in Part I of the survey. It should be noted that the chart does not include responses where the employees selected "0" (don't know or doesn't apply), or did not make a selection. Of the 27 surveys received, all respondents completed this part of the survey.

The response pattern for all statements in Part I of the survey indicates a strongly positive opinion of the City's development processing services by those who provide them. Overall, 76% of the responses were positive ("4"s and "5"s). Only 17% were negative ("1"s and "2"s) and a substantial number of those were responses to a statement about the adequacy of staffing. Seven percent of the responses were neutral ("3").

If the responses are segmented by major organizational units—Planning, Building, and Public Works—the results show a somewhat more negative pattern in Public Works. Specifi-

cally, Public Works respondents gave negative responses 21% of the time, while Planning and Building employees negative gave responses 11% and 10% of the time, respectively.

Strongly Somwhat Disagree 4% 13% Neutral 7%

Somewhat Agree 43%

To gain a more detailed sense of the

responses from Part I of the employee survey, it is useful to look at the statements that elicited the strongest positive and negative responses.

**Positive Responses.** Two of the statements in Part I received more than 90% favorable responses from those indicating an opinion, and three others exceeded 85% favorable. Those statements are listed below in rank order.

- No. 1. "Morgan Hill is very customer-oriented in the way it provides development processing services." (92% favorable, 4% unfavorable)
- No. 14. "In general, I believe my department/division is at least as efficient as similar operations in other cities." (92% favorable, 8% unfavorable)
- No. 6. "The organization of my department/division is well-suited to its responsibilities in development processing." (88% favorable, 8% unfavorable)
- No. 11. "My department/division makes it easy for applicants to obtain the information they need to understand the development approval process." (88% favorable, 12% unfavorable)
- No. 2. "My department/division has clear, well documented policies and procedures to guide the work of staff in processing development applications." (86% favorable, 14% unfavorable)
- **Negative Responses.** Only one statement evoked less than 67% favorable responses. That statement, with only 32% favorable responses, was:
- No. 4. "In my department/division, at present, staffing is adequate to meet our performance standards most of the time." (32% favorable, 64% unfavorable)

In summary, the Part I of the employee survey shows a strong pattern of favorable opinions on the part of employees regarding the efficiency, effectiveness, and customer service orientation of the City's development approval process. The only statement receiving a strongly negative response was the one that suggested staffing is adequate to meet performance standards most of the time. The following section discusses responses to Part II of the survey.

## EMPLOYEE SURVEY - PART II AND EMPLOYEE INTERVIEWS

The questions in Part II of the employee survey were openended, allowing for employees to give responses in narrative form. These questions were included to provide employees with an opportunity to present their concerns and suggestions. Although the response patterns in Part I of the employee survey was highly positive, responses to Part

II did present several potential issues. Only four respondents did not respond to any of the questions in this section.

The following discussion summarizes responses to questions in Part II of the survey. To ensure confidentiality, survey responses are grouped together under general subjects with the number of responses indicated in parentheses. The project team examined all responses and used this information to help guide the issue identification stage of this study.

Survey Question: What is the biggest frustration you experience in connection with your development processing responsibilities? If you were in charge, how would you deal with this issue?

The following subjects were mentioned by five or more survey respondents. It should be noted that all but one of the respondents completed this portion of the survey

- Heavy Workloads and Inadequate Staffing. Several respondents discussed frustrations related to their workloads. These employees were found in all organizational units surveyed. A lack of adequate staffing was also mentioned by several respondents. Increased staffing was the typical recommendation for addressing this issue. (8 responses)
- Lack of an Adequate Project Tracking System. Several employees expressed frustration over their inability to determine the status of projects for internal tracking or to respond to a customer inquiry. A centralized database that shows the status of projects was recommended by several employees. (5 responses)

Related Interview Responses. The issues cited above came up in the employee interviews as well. The following discussion elaborates on the summary of survey responses.

• Workloads and Staffing. Inadequate staffing was the issue raised most often in the interviews by employees in all development review units. Several employees painted a picture of unreasonable workloads resulting in excessive overtime, frustration, and burnout. Some suggested the situation is having a

negative effect on their health, and others speculated that overwork increases the likelihood of staff turnover. According to one planner, a vacant position, special projects and other duties limit the ability of staff to process applications on desired timelines. Not surprisingly, the Measure P process is identified as a major contributor to the development review workload, and is of particular concern because the review of Measure P applications must take place within a specific time frame. ure P also results in a need for full-scale development agreements for even small projects, as well as ongoing monitoring of development schedules. One employee estimated that Measure P the absorbs equivalent of 1 FTE in Planning.

• Need for Improved Project Tracking. Several interviewees also commented on the need for a better project tracking system to help coordinate the interaction of development review units and to provide project status information to applicants. (In theory, this need would be met by the Tidemark System, when it is deployed in all development services units.

Survey Question: What do you think is the biggest frustration customers experience in Morgan Hill's development approval process? If you were in charge, how would you deal with this issue?

The following subjects were mentioned by five or more survey respondents:

- Time to Complete Reviews. A notable number of respondents mentioned that the time required to complete the review process is a source of much customer frustration. No consensus emerged as to specific causes for excessive review times. Several respondents, however, mentioned problems with staffing levels and a lack of co-location of all departments involved in the process. A few respondents named individual units as the source of some delays. (9 responses)
- Customer Service. Two issues were raised regarding customer service. First, a few respondents mentioned that some staff do not make themselves consistently available to customers on the phone or at

the counter. A secondary concern was that some staff members do not respond to phone messages within a reasonable time. Finally, several employees feel there is an opportunity to improve the way in which development process information is communicated to customers, either directly by employees or through handouts/brochures. (7 responses)

Related Interview Responses. Although the foregoing issues did not emerge directly as major concerns in the interviews, they are related to the staffing and workload issues discussed above, as well as the suggestion that all development review departments be co-located (discussed below). Another related topic has to do with the adequacy of applicant information, which did come up in the interviews and is discussed below.

• Need for More Applicant Information. Some interviewees perceived the need for better applicant information and orientation to eliminate unpleasant surprises and unreasonable expectations.

Survey Question: What changes would you make to improve the efficiency and effectiveness of development processing services in Morgan Hill?

The following subjects were mentioned by five or more respondents:

- Additional Staffing. The addition of staff was the improvement most often mentioned by employees. (7 responses)
- Develop a Permit Center. The development of a centralized permit center was suggested by a number of employees. (6 responses)

Related Interview Responses. The perceived need for additional staffing was discussed at length above. The need to centralize development review staff from all departments was a significant topic in the interviews, as elaborated below.

• Central Location for Development Review Staff. Numerous interviewees commented on the need for Public Works to have someone available in City Hall to ad-

vise applicants and coordinate the review of development applications. Also mentioned, was a need to have workspace for the Fire Department in City Hall (Fire Department staff are scheduled at City Hall only two hours per week. During those times, they can use the work stations of inspectors who are in the field). A related issue raised by a few employees is a perceived lack of coordination and communication between development review units. Some also mentioned a need for inter-departmental training on development review procedures.

Survey Question: If you could change anything about your working environment or working conditions, what would you do?

The following subjects were mentioned by five or more survey respondents:

- Office Configuration. Several employees feel that the current both work space for staff and space for record storage is inadequate. (6 responses)
- Centralized Staff. As with the previous question, several employees feel a centralized location for development review staff would be beneficial to both customers and employees. (5 responses)

Related Interview Responses. Employees in all development review units discussed shortcomings in their work environments.

Workspace, Privacy and Equipment/Software. A common concern among interviewees was a lack of workspace. An issue for some employees located behind the counter was that direct exposure to the public resulted in frequent interruptions even when they were not assigned responsibility for counter service. In some cases a need for better computer equipment and/or software was mentioned. It is common knowledge that the City's use of WordPerfect has created some difficulties in exchanging documents with applicants and others outside the City, but that problem has already been addressed.

Two additional questions were asked of employees. However, there were no specific subject areas mentioned by five or more respondents. Those questions are:

Question: What changes would you like to see in the way your department interacts with other departments or agencies in the development review process?

Question: Please provide any other comments you many have regarding possible improvement in organization, management, staffing, policies, procedures, or attitudes that affect your work.

Interview Responses. The following issues emerged in the employee interviews as significant concerns. They do not relate directly to survey questions, and so are presented here.

- Expediting Commercial Projects. Some members of the development processing staff took exception to the practice of expediting high-priority commercial projects at the expense of other projects in the processing queue. They objected that such preferred treatment is unfair to other applicants and places additional pressure on a staff that already feels overwhelmed at times. They also believe promises made to the sponsors of such projects are sometimes Conversely, interviews with other unrealistic. staff uncovered frustration with what is seen as a lack of well-defined standards, procedures, processing costs, and timelines, and an inability to obtain up-to-date information regarding the status of highpriority projects.
- Environmental Review Contracting. An issue for planners is the practice of contracting for environmental reviews for individual projects, rather than having one or more consultants on a blanket contract as is done for building plan check.

# VII. BEST PRACTICES

The following tables include lists of best practices for the three City divisions directly involved in providing development services. The tables also indicate where the City is already applying those best practices and where opportunities exist for improvement.

# PLANNING DIVISION BEST PRACTICES

PLANNING DIVISON				
Best	Current	Opportunities for		
Practices	Strengths	Improvement		
1. All depart- ments/divisions involved in development processing are co-located in a one-stop permit center.	Planning and Build- ing are located to- gether in City Hall.	Engineering should have a representative stationed at City Hall, at least part-time		
2. Applicants are encouraged to meet with a planner before submitting an application so the staff can identify all permits and approvals required by the project.	The Planning Division does offer opportunities for preapplication meetings and conceptual plan review.	Direction given in pre-application meetings is not always documented in writing. That has led to miscommunication in some cases.		
3. A complete list of application requirements is provided to applicants as required by the Permit Streamlining Act.	Detailed submittal requirements are provided for each type of application	Some applicants report being asked for more information or additional copies of plans after the application is submitted		
4. Informational handouts and application instructions include a general orientation to the development review process and the involvement of various department/divisions.	Informational hand- outs and detailed application instruc- tions are provided to applicants.	Some planning hand- outs are outdated and contain incor- rect information		
5. Applications are reviewed for completeness upon submittal and the applicant advised immediately if the application has obvious deficiencies.	Intake review is routinely conducted by Planning.			

PLANNING DIVISON				
Best	Opportunities for			
Practices	Strengths	Improvement		
6. A letter formally notifying applicants for development permits that an application is complete or incomplete is issued within 30 days of submittal as required by the Permit Streamlining Act.	30-day letters are sent only when an application is deemed incomplete, but failure to notify applicants who submit complete applications has no practical effect.	The Permit Stream- lining Act requires a written determi- nation within 30- days for all appli- cations for devel- opment permits		
7. Applications are routed to all affected departments/ agencies within two working days of submittal.	New applications are distributed at De-velopment Review Committee (DRC) meetings within a maximum of 8 working days	For some projects, the current system can delay the start of review by other departments by up to 8 days. A system should be developed to allow immediate distribution.		
8. Planning conducts regular interdepartmental meetings to review development applications and share information	The DRC meeting is a very useful mechanism for facilitating interdepartmental cooperation in project review	Distributing applications in advance of the DRC meeting would allow department representatives to be better prepared to discuss new projects at the meetings		
9. Planning establishes specific review timelines for each type of application and provides those schedules to applicants. Recommended timelines are 4 weeks for initial review and 2 weeks for re-submittals.	The tentative agenda is used to track Permit Streamlining Act processing deadlines.	Processing dead- lines should be provided to appli- cants. Target processing times for first review and re-submittals should be adopted.		
10. One planner is assigned to manage and coordinate the reviews of each project and the applicant is notified of that assignment.	A planner is as- signed to manage each project. Divi- sion policy is that the project planner makes a courtesy call to the appli- cant at the outset of the project			

PLANNING DIVISON				
Best Current Opportunities for				
Practices	Strengths	Improvement		
11. Project review check- lists are used to encourage consistency and efficiency in development review	A detailed project review checklist is used by Planning for project review			
12. Specific ordinances, policies, and/or standards are referenced in staff reports to support recommendations and proposed conditions	Specific authority is noted in standard conditions.	Standards and policies should be cited in ways that bring them to the attention of decision makers.		
13. A list of standard conditions is used by staff to assist in preparing staff reports	A list of standard conditions is used by all departments involved in project review			
14. Project planner discusses staff findings with applicant before preparing a staff report.	This communication apparently takes place in most cases	Such communication should occur in all cases		
15. Specific deadlines for action under CEQA and the Permit Streamlining Act are noted in staff reports.		This practice should be adopted in the future		
16. A project processing manager is assigned to track all development project reviews and to troubleshoot projects that fall behind schedule.	A representative of BAHS is assigned to track the progress of some projects considered significant for economic development.	Assigning a project processing manager within the Community Development Department would be more effective in improving project processing performance		
17. The project processing manager is available to applicants who are not satisfied with the progress of their applications	For projects where a BAHS representative is assigned, that person is available to applicants	There is no clear- cut procedure al- lowing applicants to seek assistance when the assigned project planner is not responsive		
18. Regular planning staff meetings are held to discuss project status and ensure consistent recommendations.	Weekly staff meet- ings are held in Planning to discuss projects	Based on customer comments, more attention should be given to consistency in the interpretation of City regulations and standards		

PLANNING DIVISON			
Best	Current	Opportunities for	
Practices	Strengths	Improvement	
19. Planning Division performance in meeting review timelines is tracked for all projects and exceptions are reviewed by the project processing manager.		Processing time performance is not measured systemati- cally. Implementa- tion of the Tide- mark system should improve performance measurement	
20. An up-to-date status and chronological record of actions on each project is readily available for each project.		Our review of files indicates that no chronological record of actions on a project is readily available at present.  Implementation of the Tidemark system in Planning has the potential to correct that situation.	
21. Applications are tracked and filed by project rather than by application type.	Where multiple permits are required for a single project, multiple files are maintained, but they are consistently cross-referenced.	A single project file would elimi- nate considerable duplication of ef- fort in filing documents, notices, etc, and eliminate the need for cross- referencing.	
22. All material communications with applicants regarding a project are documented in writing with a copy to the applicant	Our review of project files indicates that most significant communications are provided in writing once a project has been submitted.	Customer and employee interviews suggested significant miscommunication on some projects because oral advice and directions were given at meetings with applicants and not followed up in writing.	

PLANNING DIVISON			
Best Current Opportunities for			
Practices	Strengths	Improvement	
23. An automated permit information system is used to (a) track and manage the processing of applications and alert staff when critical timelines are not met; (b) enable all departments/divisions involved in the process to enter and retrieve data; (c) develop a database of management information including dates of all actions related to an application; (d) allow access to application status on the internet.		The Tidemark system is scheduled for implementation in Planning in the near future.	
24. A GIS system is in place and general plan, zoning, and permit information, and assessor's parcel data are available through the system.	The City has a GIS system and is developing additional capabilities	The City should work toward full integration of GIS with the Tidemark system.	
25. The costs of processing development applications is fully recovered though development processing fees.	The City recently completed a user fee study that identified the costs of processing each type of application. Action by the City Council is pending.		
<ul> <li>26. Customer service is enhanced through the use of:</li> <li>Desk-level counters with chairs for both staff and the customer;</li> <li>Attractive and easy-to-understand guides to the development review process;</li> <li>Publication of a periodic newsletter to keep applicants apprised of changes to the policies, procedures staffing, etc.</li> </ul>	Application instructions and informational brochures are available to applicants	The Planning counter does not provide sit-down space.  The planning handout on architectural and site review has not been updated since the ARB was reestablished. Timelines shown in all planning handouts should be reviewed.	

# ENGINEERING DIVISION BEST PRACTICES

PUBLIC WORKS, ENGINEERING DIVISION					
Best	Best Current Opportunities				
Practices	Strengths	Improvement			
1. All depart- ments/divisions involved in development processing are co-located in a one-stop permit center.	Planning and Build- ing are located to- gether in City Hall.	Engineering should have a representative available at City Hall at least part time until the City can develop a true onestop permitting center.			
2. The City's development processing procedures and engineering and construction standards are readily available to applicants.	Development and engineering standards are available to applicants				
3. Applications are reviewed for completeness upon submittal and the applicant advised immediately if the application has obvious deficiencies	Intake review of submittals is rou- tinely conducted by Engineering				
4. Engineering participates in regular interdepartmental meetings to review development applications and share information	Engineering regularly participates in DRC meetings.				
5. Engineering adheres to specific processing time-lines. Recommended targets are 4 weeks for initial review and 2 weeks for resubmittals for major projects	Engineering cur- rently processes initial submittals in 8 weeks and re- submittals in 2 weeks	The timeline for initial review should be reduced to 6 weeks.			
6. Express review is available for simple projects		In general, projects are handled on a first-come, first-served basis. A fast-track for simple projects such as tenant improvements should be provided			

PUBLIC WORKS, ENGINEERING DIVISION					
Best Current Opportunities for					
Practices	Strengths	Improvement			
7. Project review check- lists are used to encourage consistency and efficiency in development review	Detailed checklists are used in review-ing subdivision maps and improvement plans				
8. A list of standard conditions is used by staff to assist in preparing staff reports	A list of standard conditions is used by all departments involved in project review				
9. One engineer/plan checker is assigned to coordinate the review of each project and the applicant is notified of that assignment	Plan checkers in Engineering specialize in either subdivision maps or commercial/industrial improvement plans. Final review is provided by the Senior Engineer				
10. Engineering's performance in meeting review timelines is tracked for all projects and exceptions are reviewed by the project Senior Engineer.	Engineering main- tains a log of all submittals and tracks processing time.	The existing project log is main-tained manually and needs to be automated. Planned implementation of the Tidemark system in Engineering would serve that purpose.			
11. An up-to-date status and chronological record of actions on each project is readily available for each project.	The current project log serves this purpose.	See previous item.			
12. All material communications with applicants regarding a project are documented in writing with a copy to the applicant	Written comments and marked-up plans are returned to applicants.				

PUBLIC WORKS, ENGINEERING DIVISION				
Best Current Opportunities for				
Practices	Strengths	Improvement		
13. A construction inspector responds to inspection requests within one workday of the receipt of the request.	Department policy is to respond to inspection requests within 48 hours, but inspectors visit most project sites daily.	_		
14. An automated voice- activated inspection request system is utilized to receive inspection requests with linkage to the automated permit information system.		This capability could be provided in connection with implementation of the Tidemark system.		
15. Public Works Inspectors utilize automated input devices to record inspection results or display inspection history while in the field.				
16. An automated permit information system is used to (1) track and manage the processing of applications and alert staff when critical timelines are not met; (2) enable all departments/divisions involved in the process to enter and retrieve data; (3) develop a database of management information including the dates of all actions related to an application; (4) facilitate customer service by allowing access to application status on the internet.	The Tidemark system is scheduled for implementation in Engineering in the current fiscal year.	Collection of management information on review times should be a high priority once Tidemark in implemented in Engineering.  Online access to project status should be implemented for all divisions once the system proves capable.		
17. A GIS system is in place and is updated promptly with street and parcel information from subdivision maps and CIP projects	Engineering updates existing street and parcel base maps with information from approved projects			

PUBLIC WORKS, ENGINEERING DIVISION				
Best	Current	Opportunities for		
Practices	Strengths	Improvement		
18. The costs of plan checking maps and improvement plans are fully recovered though development processing fees.  19. Customer service is	Processing proce-	The Public Works		
enhanced through the use of:  Desk-level counters with chairs for both staff and the customer;  Attractive and easy-to-under-stand guides to the engineering development review process;  Publication of a periodic newsletter to keep applicants apprised of changes to the policies, standard specifications, staffing, etc.	dures and engineer- ing standards are available to appli- cants	lobby and counter do not provide adequate space for easy interaction between plan checkers and applicants.  Formatting of applicant information could be improved.		

# BUILDING DIVISION BEST PRACTICES

BUILDING DIVISION				
Best	Current	Opportunities for		
Practice	Strengths	Improvement		
1. Inspection requests are responded to by a Building Inspector within one workday of the request	89% of the inspection requests are responded to within one workday of the request.	With added staffing at least 95% of inspection requests should be fulfilled within one workday as a monthly average.		
2. Inspection requests are accepted until 7:00 AM of the day inspections are to be completed.	If the request is received by 8:30 a.m., the inspection request will be responded to on a same day basis. Inspectors, during slow workload periods, will respond to requests on a same-day basis.			

BUILDING DIVISION					
3. An automated voice- activated inspection request system is utilized to re- ceive inspections with link- age to the permit informa- tion system.  4. Combination inspectors are utilized to respond to inspection requests.	The inspection voice request system is linked to Tidemark, providing inspection history and inspection request work orders.  Combination inspectors are utilized, although one inspector is assigned to commercial inspections.				
5. The number of inspection requests for each building permit is managed to avoid over-inspection through the use of re-inspection fees and by educating contractors regarding the timing during a construction process to request an inspection.	Applicants are provided with a brochure that discusses required inspections and how to make an inspection request. Contractors for large projects are educated through pre-construction conferences. The Division has the ability to charge re-inspection fees, but does not typically charge such a fee unless a pattern develops or the Inspector responds to a third request for the same				
6. Building inspectors use automated input devices to record inspection results or to display inspection history while in the field.	These automated inspection devices have been requested within the 2002-03 annual budget. These devices will reduce data entry time by Inspectors by an estimated 20 to 30 minutes a day.	Automated input devices are not utilized to record inspection results.			

BUILDING DIVISION					
7. An automated permit information system is utilized to (1) accept and issue building permits; (2) assure the status of each plan submittal is visible during the plan check process; (3) manage the processing time for building permit plan checking; (4) provide a database of inspection and plan checking service; (5) enable all of the departments/divisions involved in the building permit plan check process to enter and	The Santa Clara County Fire Department is currently using Tidemark, the Planning Department is implementing Tidemark, and the Public Works Department is planning on implementing Tide- mark.  Water heater re- placement and re- roof permit applica- tions are accepted	While the City has acquired Tidemark, this automated permit information system is not being utilized for epermitting, or to monitor the plan check status or plan check turnaround time.			
retrieve data; and (6) facilitate customer service through access to the internet to enable customers to submit building permit and inspection requests.  8. Over-the-counter plan	via fax machine.  It appears that 65%	Tenant improvements			
check service is provided five days a week for checking of spas, pools, patio covers, decks, small single family additions or remodels that do not require structural calculations, and other minor permits.	of the building permit plans are plan checked over-the-counter.	are not plan checked over the counter.			
9. 50% to 75% of the build- ing permits requiring plan checks are checked over-the- counter.	It appears that 65% of the building permit plans are plan checked over-thecounter.				
10. Building permit plan checking is accomplished concurrently by all of the departments/divisions involved in the process. Plans are distributed simultaneously to all of the departments/divisions for plan checking.	Building permit plan checking is accomplished concurrently.				

BUILDING DIVISION				
11. The Building Division utilizes a case management system to manage the length of calendar time required for building permit plan checks. The system includes (1) cycle time objectives have been set for the length of time for completion of plan checking; (2) collection of actual processing time using the automated permitting system to enable a comparison to these targets, and (3) the exercise of authority by the Chief Building Official with the other departments/divisions	LDING DIVISION	A case management system is not employed. Cycle time objectives have not been established for the various types of permits. Each department/division is responsible for managing the plan check turnaround time.		
to resolve delays in completion of plan checks.  12. Building permit plan check checklists have been developed for the various types of submittals to enable the plans examiners to focus their attention on the relevant aspects of building permit plan checking and assure uniformity among staff.	Checklists have been developed for tenant improvements, commercial and residential plans. These checklists cite the appropriate portion of the building code and are provided to the applicant for reference.	These plan check checklists are not available at the Division's web site.		
13. Building permit plan applications are checked at the counter upon submittal for initial completeness and rejected if missing basic items.	Applications are reviewed at the counter to assure applications meet basic submittal requirements.			

PHILDING DIVIGION					
BUILDING DIVISION					
14. A one-stop shop exists for submittal of building permit plan applications; applicants do not have to "walk" their submittal from department-to-department.	The Planning Division and the Building Division are colocated. The Santa Clara County Fire Department has a fire inspector onsite Tuesday and Thursday mornings.	Staff for the Public Works Department are not located at City Hall for building permit plan checking. The Santa Clara County Fire Department staff assigned to building permit plan checking are located in Los Gatos.			
15. Building plans are not routed to depart-ments/divisions unnecessarily.	Procedures are in place to determine which departments should receive particular types of plans.	Some reduction could still be achieved in the routing of simple plans			
16. The Building Division provides zoning clearance for simple building permit plan checks.	The Building Division provides zoning clearance for simple building permit plan checks such as signs and pools. The Building Division checks for easements and right of way for those permits				
17. The Building Division recovers its costs including the cost of overhead and the costs of plan checking incurred by other departments/divisions involved in the plan check process.	The Building Division recovers its costs. The City recently completed a user fee study to update plan check and inspection fees. Action by the City Council on new fees is pending.				
18. Building permit fees are easily and simply calculated.	Building permit fees are based upon 1991 Table 3A fee tables. Building permit fees are calculated by the automated permitting system.				

MAXIMUS  DITTIBUTE DIVISION					
BUILDING DIVISION					
19. The level of staffing for plan checking and inspection is commensurate with workload. The productivity of the staff is reflected in a number of indicators including:  Permits issued per Plans Examiner;  Average number of inspections/ stops made per Building Inspector  Average number of plans checked per Plans Examiner.	The average number of inspection requests received per day that were inspected averaged 25.6 in April. This is equivalent to 12.8 inspection requests per inspector per day (for the two inspectors).	Contract plan check expenditures amounted to \$114,484 in calendar year 2001. By making additional staff resources available for plan checking, those costs could be reduced.			
20. Cycle time objectives for completion of the first plan check meet the following targets:  Tenant improvements: 2 weeks; Single and multi-family residential(< 20 DU), office/commercial less than 10,000 sq. ft.: 4 weeks Single and multiple family residential (> 20 DU), office/commercial more than 10,000 sq. ft.: 6 weeks		The recommended timelines for plan checking of tenant improvements should be implemented.			
21. A monthly report is generated for the City Manager reporting actual vs. planned performance against these cycle time objectives.		A monthly report is not generated for the City Manager, Community Development Director, or the Chief Building Official that reports planned versus actual performance.			
22. The Building Division utilizes the most current version of the ICBO Building Codes	The Building Division utilizes the most current version of the ICBO building codes available in the State.				

BUILDING DIVISION						
23. Building permit plan checks are complete and thorough. Additional problems do not surface during the second plan check that should have been caught during the first check.	The customer survey noted few complaints regarding plan checking					
<ul> <li>24. Customer service and convenience are enhanced by providing:</li> <li>Desk-level counters with chairs for both staff and the customer;</li> <li>Attractive, easy-to-understand guides to the building permit and inspection process;</li> <li>Periodic newsletters to keep the building industry apprised of changes to the building code, staff, etc.;</li> <li>Opportunities for customers to comment on their satisfaction with the service they receive.</li> </ul>	Stools are provided for applicants to sit on while their applications are received and processed.  Customer comment cards are available at the counter.	Desk level counters are not available.  Applicant information handouts should be made more attractive and easier more understandable for inexperienced applicants.  Some existing handouts do not include a phone number  Periodic newsletters are not utilized				

# VIII. FINDINGS AND RECOMMENDATIONS

This section of the report synthesizes the information and opinions obtained through surveys, interviews, best practices research and a review of documents and procedures related to development processing services to arrive at the findings and recommendations presented here.

#### OVERALL ASSESSMENT

On the whole, MAXIMUS found that the departments and divisions involved in Morgan Hill's development review process are efficiently organized and very effective in applying the City's regulations to development projects. The staff responsible for development review are competent and hard working, and the procedures used in development review include many of the best practices recommended in this report. In spite of heavy workloads and recent vacancies in Building, Planning and Engineering, those divisions provide service that meets customer expectations much of the time.

For many projects, development review is unavoidably complex and time consuming. The process can involve complex regulations, multiple disciplines, and several levels of review. Opportunities for improvement identified in this report include the potential to reduce the time required to process some development applications (always the primary concern of developers), to correct some lapses in customer service, and to manage the development review more effectively by obtaining and using better management information about processing performance. The study also identifies some ways in which the process could be made less complex and more predictable.

Where problems have been encountered, they seem most acute in cases where an applicant is not experienced with the type of project under review. Where the process has been less than successful, difficulties appear to stem, at least in part, from heavy staff workloads and the nature of approval requirements imposed by the City. Where improvements are needed in processing procedures, the responsible divisions are already working on several fronts to institute changes that will enhance customer service and prevent the recurrence of problems experienced by a few applicants in the recent past.

The recommendations contained in this section focus on areas where performance could be improved, but it is important not to lose sight of the many things that work well in Morgan Hill's current development review process. Among them:

- In customer interviews, customers who have extensive experience with Morgan Hill's development review process expressed a very favorable opinion of staff in all development processing divisions; counter staff were singled out for special praise by several interviewees
- The working relationship among departments and divisions involved in development processing appears unusually good
- Applications are reviewed concurrently by all divisions involved in the approval of a project
- Checklists and standard conditions are used to enhance efficiency and consistency in application processing
- The City has adopted an automated project tracking system which is currently used by the Building Division and Fire Prevention, and will be implemented in Planning and Engineering in the near future
- Approximately 65% of building permit plans are checked over the counter.
- A case management system is used for building permit plan checking. A cycle time objective of ten work days has been set by the Chief Building Official for completion of plan checks. The Chief Building Official follows up with each division and department involved in building permit plan checking that does not meet the ten work day objective.
- The Community Development Department distributes a customer service questionnaire to all applicants when final action is taken and tabulates the responses annually.
- The City has created an Economic Development Coordinanating Group to enhance interdepartmental coordinanating

tion in the processing of economically important development projects

Many other specific examples could be cited to support the conclusion that Morgan Hill's development approval process works well in many respects.

#### FOCUS AREAS

The scope of services for this study identified four specific transaction types to receive particular attention

- · Potential expansion of over-the-counter permitting
- Evaluation of the subdivision approval process
- Evaluation of the design approval process for commercial and industrial buildings
- Evaluation of written materials and staff correspondence for business-friendly language

A number of the recommendations in this section address one or more of those transaction types. Our general analysis of each type is summarized below.

Over-the-Counter Permitting. The greatest opportunity for expanding over-the-counter or fast-track permitting is in the area of small tenant improvements. Express processing of building permits for relatively simple projects is a need noted by a number of customers, and is considered a best practice in development processing. City departments/divisions have not defined express processing time-lines for such permits. The practice of calculating impact fees for all tenant improvement permits in Public Works could be changed to expedite permitting of tenant improvements.

Subdivision Approval Process. Subdivision approval in Morgan Hill is just one part of a long and complex process of residential development approval that starts with a competition for allotments through the City's Residential Development Control System (Measure P). Even after an allotment is secured, a project must be processed through the normal tentative map process, approval of a development agreement, and design review by the Architectural and Site Review Board (ARB). The development agreement required in connection with all residential development allotments subjects residential developers to rigid schedules for application

and processing of tentative maps, design review applications, final maps, and improvement plans. Ultimately the final subdivision map and improvement plans must be reviewed by Engineering and approved by the City Council. The entire process from submittal of a Measure P application to issuance of building permits requires as much as two years

Most subdivisions must compete for allotments a number of times before they receive enough permits to build out a subdivision. Thus, developers who have approved tentative maps must prepare and submit new Measure P applications repeatedly. In addition, the small number of allotments granted at any one time makes it necessary for the City to process more tentative and final maps for a given development than would otherwise be required.

During final map review, the need to apply conditions contained in complex and voluminous Measure P development agreements can complicate the process and extend processing time.

Because of the interaction between subdivision approval and related processes, it is difficult to evaluate the subdivision process in isolation. It is clear that a number of best practices are used in the processing of subdivision maps. As with the City's other approval processes, tentative maps are reviewed concurrently by all responsible units. A detailed list of application requirements is provided to applicants, and application packages are reviewed for completeness upon submittal. Checklists and standard conditions are used in checking the submittals and preparing staff reports. Interdepartmental coordination is maintained through the Development Review Committee, and deadlines are in place for reviewing departments to return comments to Planning.

Our ability to analyze the timeliness of subdivision processing is limited, because, at present, Planning does not routinely track the process in detail. A sample of data from tentative map files for 2001 indicates that the elapsed time from application to approval is often more than 6 months. However, we do not know how much of that time the project was in the hands of the applicant. The tentative map process did not attract many comments in the customer interviews, although several of those interviewed objected to the time required for final map reviews.

Overall, the City's requirements for approval of residential development makes that process unusually time-consuming and expensive for developers, and imposes an unusually heavy workload on City staff. Changes recommended later in this section could streamline the process and eliminate some duplication.

Design Review of Commercial and Industrial Projects. All new construction in Morgan Hill, except for single family residential development, is subject to design review by the Architectural and Site Review Board, which was reestablished last year. The City has an Architectural Review Handbook and is currently preparing updated design standards. In addition, over the past two years, the City has adopted the strategy of using City-initiated PUD rezonings to coordinate the design of commercial developments by requiring the approval of detailed development plans for groups of commercial properties.

Some developers contend that design review in Morgan Hill is not based on clear standards. They report that applicants receive conflicting direction from staff and the ARB, and that staff directs them to make changes that are not consistent with the desires of the ARB. They are also concerned that rather than make a final decision to approve or deny a project, the ARB continues its deliberations beyond a single meeting and prevents the applicant from moving on to the next step in the process.

The City is currently preparing new design standards. It is important that those standards be as definitive as possible. Design standards should provide applicants with enough information to design a project that has a reasonable chance of approved on the first try. An applicant should not have to guess what standards will be applied when the project is reviewed.

The ARB should play a leading role in shaping the new standards. But once they are in place, the design review process should focus on applying the standards to specific projects. It is important for both staff members and the ARB to remember that only the City Council has the responsibility for establishing policies and adopting standards for development. The proper function of design review is to apply such policies and standards—not to exercise independent design judgment. Of course, even with first-rate design standards, design review is inherently subjective and

differences of opinion are to be expected. One way to help keep the process within reasonable bounds is for staff recommendations and ARB findings to cite specific adopted policies or standards to justify any design requirement imposed on a project.

In our opinion, the use of City-initiated PUD rezoning in an effort to control design quality in commercial developments should be reconsidered. This process can create major delays for the first developer in an area who has to prepare development plans for the entire PUD, and whose project might not otherwise require PUD zoning. In addition, since zoning is a legislative action by the City Council, approval of development plans for a PUD are not necessarily subject to any design standards already in place, the process lacks predictability for the developer.

Evaluation of Written Materials. In general, we found that business correspondence related to the development approval process in Morgan Hill is well-written. Correspondence originating in Business Assistance and Housing Services contains appropriate business-friendly language, while correspondence generated by Planning is clear and business-like. The City's new web-site is well-designed and allows access to a great deal of information useful to applicants for development permits, such as application forms and instructions, as well as the Municipal Code.

Although the quality of informational materials was not mentioned often by customers in surveys or interviews, handouts provided by Planning, Building, and Engineering could be improved substantially. Planning brochures describing various types of planning permits and the approval processes are reasonably attractive, but the brochure on design review has not been updated since the ARB was reestablished. Timelines in the brochure should be reviewed to ensure that they are consistent with recent experience. Informational materials for Engineering appear designed as much for staff as for the applicant. All handout materials would benefit from more customer-friendly editing and improved graphic design.

Organizational Structure. Although it was not defined as a specific focus area for this study, this is an appropriate place to comment on the general organizational structure of the City departments and divisions involved in development processing services. In every case, the divisions directly

involved in development review have flat organizational structures with no more than three levels. All are headed by a working manager who directly supervises between 5 and 7 staff and participates actively in the processing of development applications. In most cases, the division managers have significant additional responsibilities in related areas. An exception is the Community Development Director position, which has only two division managers and one administrative secretary reporting directly to him. That is typical of this type of organization, and in Morgan Hill, in addition to his management responsibilities, the Director is actively involved in special projects and has some responsibilities beyond planning and building.

### CROSS-DEPARTMENTAL RECOMMENDATIONS

The recommendations presented below are grouped by organizational unit, except the first two, which address issues that cross departmental lines. Each recommendation is followed by a discussion of findings, and in some cases subsidiary recommendations are included.

- 1.0 THE CITY SHOULD PROCEED WITH PLANS TO IMPLEMENT AUTO-MATED PERMITTING AND PROJECT TRACKING IN ALL DEVELOPMENT PROCESSING DIVISIONS, AND ENSURE THAT NECESSARY TECHNI-CAL SUPPORT AND TRAINING ARE PROVIDED.
- 1.1 Once the City's Tidemark Advantage system is fully operational and the staff thoroughly trained in using it, the City should plan to acquire the Tidemark e-Connect system, which provides online access to the public for a variety of services. However, caution is advised regarding this recommendation for two reasons. First, Tidemark has been acquired by a competing company, Accela.com, and it is not known whether Accela is committed to further product development and long-term support for Tidemark Advantage. thermore, even though Tidemark Advantage was adopted as the standard by a consortium of Bay Area cities seeking to encourage on-line permitting, City staff members have learned from other users that the e-Connect feature of the system has not performed as well as expected up to this point. Although an internet-enabled system is a highly desirable feature of the system, the City would be well-advised to wait

for further improvements before acquiring that capability for the Tidemark system.

1.2 Another useful enhancement to a permitting system is the ability to interface with GIS. As the City develops its GIS system, it should plan to acquire the capability to integrate GIS with the permitting system. As with the e-Connect system, the City should consider the track record and long-term viability of any automated permitting and project tracking system.

Findings supporting these recommendations:

- Use of a single computerized permitting and project tracking system by all development services departments is a widely-accepted best practice for development processing organizations
- The functionality of permitting systems depends heavily on the specific features and capabilities included, and the training provided to users
- As the Tidemark system is implemented in Planning and Public Works, as well as Building, the City will have to provide ongoing technical support and training to users of the system.

Note: A number of recommendations in this study refer to the Tidemark Advantage System. Those references should not be taken as an endorsement of Tidemark by MAXIMUS. Tidemark is mentioned specifically in this report because the City has already purchased that particular system for use by the Building and Planning Divisions. MAXIMUS recommends the use of such systems for permitting and for tracking management information, but does not recommend a particular company's products.

Discussion. Automated permitting and project tracking systems have great potential to support improvements in the efficiency and effectiveness of development processing services. In addition to the automating routine tasks, they allow easy data-sharing and the accumulation of valuable management information. To realize their potential, however, they must be tailored to the needs of an organization and accompanied by appropriate training and technical support. Enhancements such as on-line access by citizens and

integration with GIS have obvious potential to improve efficiency and customer service in development processing.

In collecting information for this study, we have become familiar with some of the limitations of the information currently available in the City's Tidemark system. Inconsistencies in data entry and the inability of non-technical staff to create reports are significant barriers to effective use of the system. We recognize that the Building Division only recently implemented a new version of the system, and that staff is still becoming familiar with the software. But these difficulties highlight the potential for problems if inadequate training and technical support are not available to users.

- 2.0. THE CITY SHOULD WORK TOWARD CREATION OF A COMPLETE ONE-STOP PERMITTING CENTER CAPABLE OF HOUSING ALL UNITS INVOLVED IN DEVELOPMENT REVIEW.
- 2.1 In the short run, Engineering should assign a representative to City Hall at least 15-20 hours per week to provide information to applicants, coordinate with Planning and Building, and sign off on simple projects such as small tenant improvements.

Findings supporting these recommendations:

- Providing access to all development services units in one location is a widely-accepted best practice for development services organizations. Ideally, the one-stop center should be located in a building with adequate space to house the entire staffs of all involved departments or divisions in close proximity to each other.
- In interviews and surveys, both employees and customers noted a need to have representatives from all development processing divisions available at one location.
- The City is considering converting the existing library building to administrative space if a new library is constructed.

**Discussion**. Currently, Planning and Building are colocated in City Hall and Fire Prevention makes staff available at the City Hall counter two hours a week. Engineer-

ing has an office assigned for one person at City Hall, but does not use that space at present. The Public Works Department plans to make staff available at City Hall on a part-time basis within the next several months, as training of new staff allows.

We do not advocate splitting operational units, such as Engineering, in order to create a one-stop permitting center in limited space. That option can have significant negative effects elsewhere in the organization.

The existing library building has been suggested as a future home for Planning, Building, and Public Works if a new library is constructed. Another possibility is to locate the development services departments in the existing City Hall building, which is configured for counter service, and relocate other City departments to a renovated library building—assuming a new library is constructed. If the existing library does not become available for reuse, site constraints at the Civic Center complex might make it necessary to construct a development services building at a different location. One option would be the City-owned property adjacent to the existing Public Works building that is currently used by the School District.

- 3.0 BUSINESS ASSISTANCE AND HOUSING SERVICES SHOULD ACT THROUGH THE ECONOMIC DEVELOPMENT COORDINATING GROUP TO OBTAIN EXPEDITED PROCESSING FOR ECONOMICALLY IMPORTANT PROJECTS.
- 3.1 Any commitment by development processing divisions to an expedited processing schedule should be documented in writing.

Findings supporting this recommendation:

- The Business Assistance and Housing Services Department (BAHS) is designated to act as the City's development ombudsman, advocating within the City organization for developers of economically significant projects.
- Over the last year, some economically significant commercial projects have experienced major processing delays, even though expedited processing was requested by BAHS.

 Expediting high priority commercial projects is likely to delay other applications already in the processing queue.

**Discussion.** In the interest of economic development, the City has attempted to encourage timely processing of significant commercial projects by placing BAHS staff in the role of development ombudsman. In spite of BAHS' involvement, some high priority projects have experienced significant delays in development review.

The first step in avoiding delays for high priority projects is to ensure that the development processing system as a whole is working efficiently, and that staffing is adequate to handle the workload. Other recommendations in this report address those issues. However, even when the system operates efficiently, special circumstances, such as the seasonal Measure P application workload, can slow the processing of applications and processing conflicts can arise. The City may choose to provide accelerated processing for economically important projects at such times.

However, Measure P applications have fixed processing deadlines. It may not be possible, with finite staff resources, both to meet those deadlines and expedite commercial projects at the same time. The availability of processing capacity should be carefully considered when committing to expedited processing.

The City should make clear who has the authority to designate a project for expedited processing, and those responsible for processing that project should be involved in the decision. We recommend that, except in extraordinary circumstances, requests for expedited processing be made by the Director of BAHS to the Economic Development Coordinating Group (EDCG), which includes the City Manager and representatives from Community Development, Planning, Building, Engineering, and BAHS. If the EDCG determines that expedited processing is justified and feasible, a processing schedule should be worked out with the division managers responsible for taking the necessary action. low-up is necessary, BAHS should work through the division In unusual cases where BAHS feels that a decision could not wait for the monthly EDCG meeting, a request could be made directly to the appropriate department directors

It is important to ensure that any commitments made to an applicant are reasonable. If the City commits to expedited processing and fails to deliver, the outcome may be worse than if the project had received routine processing. It should also be made clear to the applicant that the City's commitment to expedite the project is contingent on the applicant fulfilling certain responsibilities.

To carry out its responsibilities in connection with its economic development role, BAHS needs the ability to get accurate, up-to-date information on the status of projects undergoing development review. BAHS staff should be provided with training needed to access project data in the Tidemark system, once that system is implemented in Planning.

#### PLANNING DIVISION RECOMMENDATIONS

The following recommendations focus primarily on issues related to the Planning Division.

# 4.0 THE CITY SHOULD FILL THE VACANT SENIOR PLANNER POSITION AS SOON AS PRACTICABLE AND CONTINUE FUNDING FOR A HALF-TIME CONTRACT PLANNER THROUGH THE END OF FY 2002-03.

Findings supporting this recommendation:

- The time required for development review is a significant concern to most applicants
- Inadequate staffing was identified as a concern by two-thirds of employees in the employee survey, and was mentioned by a number of customers in interviews and a survey
- Workload analysis by MAXIMUS shows a staffing deficit of 0.75 FTE in current planning, even with a half-time contract planner on board. The recent loss of that contract planner, has increased the deficit to 1.25 FTE.
- New Measure P applications will begin impacting Planning Division workloads in November, 2002.
- The City will begin accepting Measure P applications only in alternate years after the 2002-03 competition.

• Other changes recommended in this study could reduce workloads in the Planning Division within a year.

Discussion. The time required to review development applications is a major concern of most applicants for development permits. Adequate staffing is a pre-requisite to meeting the expectations of applicants. In the customer survey, 39% of respondents disagreed with a statement suggesting that the time required to receive permits or approvals seemed reasonable. In customer interviews, a high percentage of experienced customers objected to the length of time required to process development applications in Morgan Hill. Moreover, the most common concern of employees surveyed and interviewed for this study was inadequate staffing and excessive workloads.

Staffing issues are not the only possible source of delays in development processing. Related issues are addressed elsewhere in this section. However, it is our opinion that an increase in development processing staff in the Planning Division is needed to maintain a satisfactory level of service in the short run, given current workloads. (See workload analysis below.)

The City has had a vacancy in a Senior Planner position for more than a year. That position is assigned to long range planning and special projects. As a result of the vacancy, funding for that position has been used for two part-time contract planners—one for special projects and a half-time planner for development review. In addition, development review staff in Planning have been assigned various special projects to pick up the slack.

This recommendation assumes that the vacant Senior Planner position will be filled soon, and that the special projects workload assigned to development review staff will be reduced by 0.6 FTE as a result. As a result of that workload shift, and the continued funding of the half-time contract planner position for development review, net staffing in development review would increase by 0.6 FTE over recent levels—reducing the staffing deficit estimated below by half. If the contract position in development review is eliminated, that loss would offset most of the staff increase gained from filling the Senior Planner position.

Providing the additional staff by means of a contract position is recommended because workloads could be reduced

over the next 12 to 18 months by changes in the Measure P application schedule and through implementation of other measures recommended in this report.

The table below shows approximate staff time allocations for the existing planning staff based on the position questionnaires completed by employees for this study. It shows that 2.67 FTE are currently available in Planning to process development applications. Recent adjustments by the Planning Manager would result in a slight increase in that figure to 2.77 FTE. Those estimates include the half-time contract planner who was assigned to development review until her recent departure.

City of Morgan Hill Planning Division - Staff Time Allocations based on Position Questionnaires and Interviews

Current Planning	Planning	Senior	Associate	Assistant	Contract	Planning	Row
Staff Activity	M anager	Planner	Planner	Planner	Planner	Technician	Totals
Counter/Public Assistance		0.10	0.20	0.20		0.40	0.90
Special Projects/Other	0.46	0.15	0.20	0.30		0.20	1.31
GIS/M apping				0.10		0.30	0.40
Planning Commisison	0.22						0.22
Project Review/Staff Reports	0.32	0.75	0.60	0.40	0.50	0.10	2.67
Total	1.00	1.00	1.00	1.00	0.50	1.00	5.50

To estimate the actual need for development processing staff in Planning, based on application volume, the project team multiplied estimates of the staff time requirement for each application by the number of permits processed per year and summed the resulting staff hours. Staff time estimates for each type of application were based on data developed in previous MAXIMUS studies, and are believed to be conservative. The number of applications per year, type, was taken from the recent user fee study by MAXIMUS. The workload analysis resulted in an estimated need for 6,378 staff hours per year for application processing. suming each FTE provides 1,664 productive hours per year (assuming 20% of total time is absorbed by holidays, vacation, sick leave, training, etc.), those staff hours translate to a need for 3.8 FTE, compared with the current availability of about 2.7 FTE.

While this type of analysis is admittedly inexact, the size of the gap between estimated staff needs and current staffing, reinforced by the opinions of customers and employees, strongly suggests a need to increase the availability of development processing staff.

An option considered in this staffing analysis was to reclassify the vacant Senior Planner position to the associate/assistant level and fill it with a full-time planner. That option would increase the available staff in current planning by 0.5 FTE, because it would displace the half-time contract planner assigned to the Planning Division until recently. The vacant Senior Planner position has remained unfilled for more than a year even though the City has recruited twice to fill the position.

However, the vacant position is slated for advance planning duties and special projects, and after reviewing the number of projects programmed in that area, the project team concluded that the Planning Division needs to fill that position to adequately address long range planning issues.

This recommended action would still leave the Planning Division about 0.5 FTE below the estimated staffing need. Given the potential for some reduction in workload, it is prudent to address this issue conservatively, and to revaluate the situation after a year. At that time, implementation of the Tidemark system in Planning should provide better information on workloads and processing performance.

- 5.0. THE PLANNING DIVISION SHOULD UPGRADE ITS PERFORMANCE STANDARDS AND IMPROVE PERFORMANCE MEASUREMENT FOR DEVEL-OPMENT PROCESSING SERVICES.
- 5.1 The Planning Division should route new development permit applications to all reviewing departments within two working days of submittal.
- 5.2 The Planning Division should establish timelines for initial reviews and re-submittal reviews for each type of development application. For most types of applications, we recommend that the initial review of a complete application be concluded within four weeks and re-submittal reviews within two weeks. For simple applications, the review time should be proportionately shorter. The reviewer's comments should be provided in writing to the applicant within those time frames.
- 5.3 Review time by Planning for building permit applications should be consistent with Building Division recommendation 11.1.

- 5.4 When the Tidemark system is operational in Planning, it should be used to alert the staff to processing deadlines and to systematically track the Division's performance in meeting review time targets for initial submittals and re-submittals for all projects. That information should be incorporated into monthly and annual reports.
- 5.5 The Planning Division should also track the number of re-submittals required for each project. If more than one re-submittal is required, the Planning Manager should review the case to determine whether staff comments were stated clearly and consistently.
- 5.6 The Planning Division should clarify customer service policies with respect to expected review times, responding to phone calls, and providing project status information to applicants. Applicants should be notified of those policies and advised as to what steps they can take if they believe the case planner is not complying with those policies.
- 5.7 If meetings are held with applicants to discuss a project, any significant conclusions should be documented in writing and distributed to all parties.

Findings supporting these recommendations:

- Currently, new applications received by Planning are distributed at weekly Development Review Committee meetings. That procedure can allow up to eight working days to elapse before a new application is received by all reviewing departments.
- At present, the Planning Division does not have adequate management information on its performance with respect to project review timelines.
- There is a need to communicate Planning Division customer service policies more clearly to applicants and to inform them of their options if those policies are not being followed.
- Occasional failure by Planning staff to document oral discussions in writing has resulted in misunderstandings between an applicant and the staff (The Planning

Manager has subsequently directed that all such discussions be documented in writing)

Discussion. Adequate staffing is a prerequisite for a sucdevelopment processing operation, but effective process management is also essential. Although our review indicates that most development permit applications processed within reasonable time frames, a majority of the customers interviewed for this study felt that development processing in Morgan Hill is much too slow. To some extent that perception may stem from the fact that Morgan Hill requires approvals that are not required in some other cit-However, even customers who have longstanding relationships with the Planning staff, and a generally favorable opinion of the Division, report that they must check in constantly to keep their projects moving. Those customers did not have trouble gaining access to planners, but others who don't have an established relationship with Planning staff reported difficulty in obtaining project status information or even having phone calls returned by case planners.

To keep processing time under control, the Planning Division needs to establish or clarify performance standards in a variety of areas and then track performance against those standards. Specifics are listed above. Existing systems do not provide enough data to allow a systematic evaluation of past performance in any of the development services units. Monthly and annual reports should be prepared to show the percentage of applications processed within the specified time frames. That information can be used by the Planning Manager to evaluate procedures and staffing requirements.

The tentative agenda now used by Planning to track projects under review should be replaced with a system that is easier to update and creates a more detailed and permanent record of all deadlines and actions related to each project. Implementation of the Tidemark system in Planning could serve that purpose and also make project status information more widely available. To be effective, however, the system must be capable of recording in detail all significant actions related to a project. Whatever system is used for this purpose, a chronological record of all actions related to the processing of each project should be recorded in a readily available form that allows analysis of processing

time performance by all departments involved in project review.

Another common concern among customers is that City regulations are interpreted differently by different planners, and that new requirements are added each time a project is resubmitted. One way to evaluate performance in that area is to track how often multiple re-submittals are required for a project. However, judgment is needed in this regard because applicants sometimes do not submit complete information or respond satisfactorily to comments provided in earlier reviews.

# 6.0 ARCHITECTURAL AND SITE REVIEW SHOULD BE BASED ON DEFINITIVE STANDARDS.

- 6.1 The new architectural and site design standards now under development should be made as definitive as possible to minimize the need for interpretation and provide clear direction to applicants, the Planning staff and the ARB.
- 6.2 The ARB and the Planning staff should always cite specific standards as a basis for imposing design requirements.
- 6.3 If Planning staff concludes that a project design submittal does not meet City standards, and the applicant chooses not to revise it, the project should be presented to the ARB at the next available meeting with staff concerns and recommendations noted in the staff report.
- 6.4 The City should reconsider the practice of using PUD rezonings to control design standards for commercial development.

Findings supporting these recommendations:

• Approval of architectural and site design for projects is a quasi-judicial action by the Architectural and Site Review Board (ARB). Adoption of design standards is the responsibility of the City Council. The proper function of the ARB is to interpret adopted standards and apply them to a specific project.

- Both customer interviews and discussions with Planning staff indicate that Planning staff and the ARB have, at times, gone beyond adopted standards in proposing changes to architectural and site designs submitted by applicants. A lack of clarity in this area may be a significant reason for multiple re-submittals, long delays, and miscommunication in the processing of some applications. The Planning Manager has clarified review procedures in line with recommendations 5.2 and 5.3 to address this issue.
- Using City-initiated PUD rezonings to control the design of commercial development overlaps and conflicts with the design review process. That practice requires some developers to expend money on plans for properties in which they have no interest, and creates significant delays and uncertainty in the approval of projects that would not otherwise need PUD zoning.

Discussion. Because design review involves subjective judgements, legitimate differences of opinion can arise in the interpretation of standards. The updated design standards already under development by the Planning Division should provide a clearer basis for design review. However, appropriate procedures must also be in place to ensure that the requirements imposed by the City are justified by adopted policies and standards. Having the staff and the ARB cite specific standards as a basis for recommended changes or conditions provides a procedural safeguard against unreasonable discretion in those actions.

Any applicant submitting a project for design review is entitled to know in advance what standards will be applied to that project design, so there is a reasonable chance of having it approved expeditiously. Neither the staff nor the ARB should exercise independent design judgment or impose personal design preferences in the course of design review.

City-initiated PUD rezoning actions, in cases where they serve no purpose other than to create a requirement for co-ordinated planning of adjacent commercial parcels, impose significant delays and financial burdens for the first developer in such an area. Because rezoning is a legislative action, this practice places the first developer in the position of proposing development plans in the absence of any design standards.

# 7.0 IN PREPARING A NEW INITIATIVE PETITION TO UPDATE MEASURE P, THE CITY SHOULD CONSIDER CHANGES THAT WOULD REDUCE PROCESSING TIME AND STAFF WORKLOADS.

Findings supporting this recommendation:

- Review of development plans and architectural designs as part of the Measure P process overlaps and sometimes conflicts with requirements imposed through subsequent tentative subdivision map and architectural and site review processes.
- Annual changes in Measure P scoring criteria make it necessary for applicants to submit new applications year after year, even it they were successful previously. Eliminating frequent changes in scoring criteria would reduce staff workloads and application costs to developers.
- Allowing developers to process tentative subdivisions maps before receiving allocations for residential building permits would simplify processing and reduce workloads.
- Expiration of residential allotments within one fiscal year limits the ability of developers to respond to market conditions and leads to requests for extensions in some cases.
- Tight control and mandatory monitoring of processing schedules for residential development, as mandated under Measure P, adds significantly to the workload of Planning staff.

Discussion. It is beyond the scope of this study to analyze the City's development policies in general, and we recognize that the benefits of the current Measure P process outweigh any disadvantages. However, because the existing system has a substantial effect on permit processing time and staff workloads, we recommendations that any future amendments to the Residential Development Control System address the operational effects of mandated procedures in an effort to minimize any unnecessary staff workload or processing delays.

The Measure P process overlaps both the tentative subdivision map and design review processes in place in the City.

That overlap involves duplication of effort by City staff and can result in processing delays for applicants. Projects that have been received Measure P allotments on the basis of architectural and site development plans may have those plans changed in the course of subsequent review.

The fact that Measure P scoring criteria have been changing annually makes it necessary for developers to reapply every year, and in some cases requires changes to ongoing projects with previously approved allotments. If the scoring criteria were stabilized, developers could be allowed to re-apply using a submittal that was previously scored. That practice would make it unnecessary for City staff to re-evaluate the submittal, reducing the processing burden as well as the developer's cost.

- 8.0 THE PLANNING DIVISION SHOULD CHANGE SOME CURRENT PRACTICES THAT ADD TO STAFF WORKLOADS UNNECESSARILY.
- 8.1 The Planning Division should negotiate annual blanket contracts with one or more environmental consulting firms to eliminate the substantial workload associated with contracting for each project separately.
- 8.2 The Planning Division should phase out the practice of maintaining multiple files for a single project and change to a single project file system.

Findings supporting these recommendations:

- At present, the Planning Division contracts for environmental assessments on a project-by project basis. Processing those contracts creates significant unnecessary workload for the Planning Division. (The Planning Manager is working toward the use of blanket contracts for environmental assessments.)
- At present, the Planning Division maintains a separate file for each application associated with a project. Filing all applications related to a single project together would reduce workloads, eliminate duplication, and streamline the filing system. (The Planning Manager plans to change to a single project file system in conjunction with implementation of the Tidemark system in Planning.)

**Discussion.** The Building Division currently uses annual blanket contracts for plan checking consultants. A similar arrangement would benefit Planning.

A preferred alternative to the current application filing system is to combine all applications associated with one project in a single file. That change should be coordinated with implementation of the Tidemark system in Planning.

#### ENGINEERING DIVISION RECOMMENDATIONS

The following recommendations focus primarily on issues related to the Engineering Division.

- 9.0 ENGINEERING SHOULD REDUCE PROCESSING TIME GOALS FOR RE-VIEW OF INITIAL SUBMITTALS AND IMPROVE PERFOMANCE MEAS-UREMENT FOR DEVELOPMENT PROCESSING SERVICES.
- 9.1 The Engineering Division is currently committed to a review time of eight weeks for initial submittals and two weeks for re-submittals. The re-submittal target time is excellent, but the goal for initial reviews should be reduced to six weeks for final subdivision maps and four weeks for commercial and industrial projects. For simple applications, the review time should be proportionately shorter. The reviewer's comments should be provided in writing to the applicant within those time frames.
- 9.2 Engineering review time for building permit applications should be consistent Building Division recommendation 11.1.
- 9.3 When the Tidemark system is operational in Engineering, it should be used to alert the staff to processing deadlines and to systematically track the Division's performance in meeting review time targets for initial submittals and re-submittals for all projects. That information should be incorporated into monthly and annual reports. Until that time, the current tracking system should be converted to a simple database.
- 9.4 The Engineering Division should also track the number of re-submittals required for each project. If more

than two re-submittals are required for final approval, the Senior Engineer should review the case to determine whether staff comments were stated clearly and consistently.

- 9.5 The Engineering Division should clarify customer service policies with respect to expected review times, responding to phone calls, and providing project status information to applicants. Applicants should be notified of those policies and advised as to what steps they can take if they believe Engineering is not complying with those policies.
- 9.6 If meetings are held with applicants to discuss a project, any significant conclusions should be documented in writing and distributed to all parties.

Findings supporting these recommendations:

- The Engineering Division is currently committed to a review time of eight weeks for initial submittals and two weeks for re-submittals. Those standards are not unreasonable, but the turnaround time for initial review is longer than in some other cities. The review time standard for re-submittals is very good.
- The project log currently used by the Engineering Division is not permanent and does not lend itself to information sharing with other departments or systematic measurement of processing performance.
- It would be beneficial to communicate Engineering Division customer service policies more clearly to applicants and to inform them of their options if those policies are not being followed.

**Discussion.** Over the last few years, Public Works has had difficulty attracting and retaining qualified engineering staff. The Department has adapted by using contract staff to work on both development review and capital improvement projects. Because of turnover and a shortage of permanent staff, the Senior Engineer in charge of land development has had play a part in the review of most development projects submitted to Engineering.

From the point of view of developers, that situation has created a bottleneck in the process. It has also created considerable competition for the time and attention of the Senior Engineer, which limits his accessibility. On the other hand, having the Senior Engineer heavily involved in project reviews has resulted in very good quality and consistency. Aside from the perception by many applicants that engineering review takes too long, there were no complaints from customers about the quality of reviews or the consistency of requirements imposed in Public Works.

Another result of the staffing situation in Engineering has been the inability to station any staff in City Hall to work with Planning and Building. (That need is addressed in other recommendations.) Staffing in Public Works appears to be stabilizing with the hiring of a new Deputy Director and a new Assistant Engineer in land development. In addition, the contract employee responsible for subdivision map review has recently gone from half-time to a full-time schedule in response to the current workload. Within the next few months, the Department plans to have staff available for part-time duty in City Hall.

# 10.0. ENGINEERING SHOULD DEVELOP FAST-TRACK PROCESSING FOR SIMPLE PROJECTS AND DELEGATE THE CALCULATION OF IMPACT FEES TO THE BUILDING DIVISION, WHERE POSSIBLE

Findings supporting this recommendation:

- At present, Engineering handles projects on a firstcome, first-served basis, which means small projects such at simple tenant improvements often must wait in the processing queue while more complex projects are reviewed.
- The practice of calculating all impact fees in Engineering delays approval of some simple projects.

**Discussion.** Projects that do not require more than 4 hours of actual processing time should not be delayed while large projects are reviewed. A separate processing track should be developed for such projects. When Engineering is able to station a person at City Hall, simple projects should be reviewed at City Hall rather than routing them to Public Works

As discussed elsewhere in this report, there is a potential to speed the processing of certain simple projects, such as small tenant improvements. One aspect of that improvement would be to eliminate involvement by Engineering, where possible, or to have Engineering establish separate processing procedures and timelines for such projects.

### BUILDING DIVISION RECOMMENDATIONS

The following recommendations focus primarily on issues related to the Building Division.

- 11.0 THE BUILDING DIVISION SHOULD DEFINE PLAN CHECK TIME-LINES FOR DIFFERENT PROJECT TYPES AND ESTABLISH PLAN CHECK PROCEDURES CONSISTENT WITH THOSE TIMELINES.
- 11.1 The Building Division should adopt the plan check times in the following table as goals for first plan check. Plan check time for subsequent checks should be half of the times shown in the table.

Type of Constructic	Building Permit Type	First Plan Check Goal
Tenant Improve- ment	Projects that involve no change of occupancy or increased occupant load.	3 Work Days
	Other tenant improvement projects	10 Work Days
Residen- tial	Interior alterations < \$30,000 valuation Accessory buildings and structures	1 Work Day
	Single story additions < 501 sq. ft. and	3 Work Days
	Single story additions > 501 sq. ft. and/or > \$30,000 valua- tion. New single family dwelling or du- plex	5 Work Days
	New multi-family projects: 3 to 20 DU	10 Work Days
	New multi-family projects: > 20 DU	15 Work Days
Commer-	Single story up to 10,000 sq. ft.	10 Work Days

cial/ In-	Other commercial/industrial pro-	15 Work Days
dustrial	jects	

- 11.2 The Building Division should route building plans to other divisions for plan check within two work days of submittal.
- 11.3 The Building Division should work to eliminate unnecessary routing of building plans to other departments for plan check.
- 11.4 All plans with a plan check goal of 5 work days or less should be checked in house.
- 11.5 Responsiveness of the Building Division and other units involved in the plan check process should be tracked and monthly reports prepared showing performance relative to adopted plan check goals.

Findings supporting these recommendations:

- The Building Division currently has a goal of ten days for completion of all types of plan checks, regardless of complexity.
- Locating a representative from the Engineering Division in City Hall will facilitate faster turnaround of less complex projects
- A review of plan check timeline data maintained by the Building Division indicates that in most cases building permit plans are routed within one to two work days of submittal. However, in some instances, plans were not routed for periods as long as six calendar days.
- The Building Division should take responsibility for zoning review of single family residential alterations and additions in most cases to avoid routing them to Planning.
- The Building Division should avoid routing plans for dwellings in residential planned developments to the Planning Division. The conditions of approval for these planned developments are specific. The Building Division could check building plans for compli-

ance with the planned development conditions of approval.

- · In routine cases, the Building Division should not route residential alterations and additions to the Engineering Division unless a water or sewer connection will be required. The Public Works Department is developing a GIS layer for water and sewer connections that would enable the Building Division to check the submittal to determine whether it is already connected to the City's water and sanitary sewer systems.
- The Building Division should calculate and collect impact fees for simple projects. That step would eliminate the need to route some plans to the Engineering Division.

Discussion. The Building Division currently uses a tencalendar-day goal for all building permits plan checks. That uniform ten-day plan check objective is too long for some types of submittals and too short for others. The plan check objectives in the table above represent the number of work days recommended for the first plan check. Subsequent plan check objectives would be one-half of these objectives. These plan check objectives should be included in the brochures prepared by the Building Division and published on the City's web site.

A review of the plan check timeline data maintained by the Building Division indicates that in most cases building permit plans are routed within one-to-two work days of submittal. However, in some instances, plans were not routed for periods as long as six calendar days. (The time frames for distribution of these plans ranged from the same day as the plans were received to six calendar days after the plans were received). In cases where applicants submit incomplete applications, the application should not be accepted for processing until it is deemed complete.

The Building Division has already taken a number of steps to reduce the need to route building plans to other departments and divisions for plan check. The foregoing recommendations identify some additional steps that could be taken in that direction. Before making additional changes the Building Official should develop a proposal for consideration by the Community Development Director and the Pub-

lic Works Director and work with them to arrive at a procedure that is satisfactory to all departments and divisions.

# 12.0. THE BUILDING DIVISION SHOULD RESPOND TO INSPECTION REQUESTS WITHIN ONE WORK DAY AT LEAST 95% OF THE TIME AND ALL REQUESTS WITHIN TWO WORK DAYS.

Findings supporting this recommendation:

- Building safety organizations in California commonly establish a goal of responding to all inspection requests within one work day, and many achieve that goal at least 95% of the time.
- For the first four months of this calendar year, the Building Division responded to inspection requests within one work day 89% of the time; 11% of the requests were responded to within two work days. The range of inspection requests responded to within two work days was 7% at the low and 17% at the high during this four-month period. That response rate was affected by a vacancy in one building inspector position.
- With the filling of the third Building Inspector position, the Building Division will have the capability to achieve a high level of service with respect to building inspections.
- The average inspection workload warrants two full-time Building inspectors each and every day. The third position can be used to conduct inspections when workload warrants it, and to assist in plan check when inspection workload does not require a third inspector.

**Discussion.** The Building Division has done a good job fulfilling inspection requests with a vacant inspector position. Now that a third inspector is on board, we expect that the number of unfulfilled inspection requests carried will be reduced to a very low level. Using the third inspector to assist with plan check will also benefit that process.

### 13.0 THE CITY SHOULD CREATE A FULL-TIME POSITION FOR A BUILDING MAINTENANCE SUPERVISOR.

Findings supporting this recommendation:

- Planned construction of several new buildings by the City will substantially increase the need for building maintenance services.
- The Chief Building Official allocates an estimated 15% of his staff hours to managing building maintenance and repair. A Building Inspector allocates an estimated 40% of his time to the day-to-day supervision of building maintenance and repair. Combined, these two staff allocate approximately 0.6 full-time equivalent staff to building maintenance and repair.
- The cost of employing a working building maintenance supervisor could be largely offset by a reduction in the need for contract services.
- Building plan check services would benefit from additional in-house staff availability

Discussion. The responsibility for building maintenance and repair activities is currently assigned to the Building Division, and requires a substantial commitment of time by the Chief Building Official and one Building Inspector As discussed elsewhere in these recommendations, there is a need for the Building staff to have more time available for plan checking. The limited time the Chief Building Official and his staff can devote to plan checking is reflected in the level of expenditures for contract plan checking, which in calendar year 2001 amounted to almost \$115,000.

As the table below indicates, the Building Division is now responsible for the maintenance and repair of almost 59,000 square feet of City buildings. That figure excludes the fire stations and the corporation yard. Over the next few years, the City will be constructing several new buildings including a community and cultural center, now under con-The community and cultural center will comprise struction. approximately 38,000 square feet in three buildings: a community center, a Community Playhouse, and a satellite campus for Gavilan Community College. The City will be responsible for maintenance of all these buildings. posed new City library would contain of 40,000 square feet, and when it is completed, the existing 13,900 square foot may be reused for additional City office space. The proposed police building is planned for 25,000 square feet, an

increase of 15,000 square feet. In addition, an aquatic center and a recreation center are in design or about to go to design. Those new buildings would represent an increase of more than 150% in the building area maintained by the City.

	Existing Square Foot-
Facility	age
Library	
City Hall	
Police Station	14,065
Friendly Inn	13,023
Public Works Of-	10,000
fices	6,960
Senior Center	4,200
Museum	3,240
El Toro Youth	3,200
Center	2,500
Total	57,188

The management of building maintenance and repair is all the more complex as a result of the City's reliance on building maintenance and repair by contractors. The City does not employ skilled building technicians. Rather, the City utilizes contractors. In fiscal year 2001-02, the City expended \$7,700 with a plumbing contractor, \$22,000 with an electrical contractor, and \$42,000 with a heating, ventilation, and air conditioning contractor.

Completion of the community and cultural center alone will increase the square footage of buildings maintained by the City by more than half. Although new buildings tend to have relatively low maintenance requirements for the first few years after construction, current contract maintenance costs and the need for Building Division staff to devote more time to plan checking justify the creation of a full-time position for a Building Maintenance Supervisor. The addition of this position should substantially reduce contractual expenditures, substantially offsetting the cost of the position.

The Building Maintenance Supervisor would need some shop and storage space at the corporation yard, and a case could be made for assigning building maintenance responsibilities to the Public Works Department when this change occurs. However, building maintenance appears to work well in the

Building Division, so there is no compelling reason not to leave it where it is.

## 14.0 ONE OF THE THREE BUILDING INSPECTOR POSITIONS SHOULD BE RECLASSIFIED TO THE SENIOR BUILDING INSPECTOR LEVEL.

Findings supporting this recommendation:

 A review of workload data for building inspection indicated that there was sufficient workload to keep two Building inspectors busy full time and another parttime. In addition, there is sufficient plan check work to keep one of these three inspectors busy when not required in the field for inspections.

**Discussion.** The intent of this recommendation is to create a working supervisor position that would be responsible for leading and participating in the work of the two other Building Inspectors, and to assist in plan checking on a time available basis.

## 15.0 THE BUILDING DIVISION SHOULD DEVELOP BUILDING PLAN CHECK APPLICATION BROCHURES FOR THE MOST COMMON TYPES OF BUILDING PERMIT APPLICATIONS.

Findings supporting this recommendation:

• The Division has published a document entitled "Filing Requirements for Building Permits." The information in that brochure could be made more complete and specific.

**Discussion.** A sample document for commercial and industrial tenant improvement requirements is provided as an attachment to this report. This document identifies a number of submittal requirements specific to tenant improvements. The Building Division should develop such documents for its most common types of applications. Those documents should also be available on the City's web-site.

#### IX. IMPLEMENTATION PLAN

The real value of this study will depend on how well the recommendations are carried out. Implementation is critical to the success of any study of this type, and for successful implementation it is necessary to identify priorities, responsibility, timelines and costs associated with the implementation of actions recommended in this report. The following table outlines a preliminary implementation plan geared to the recommendations contained in the previous section of this report. Implementation of certain recommendations in this study would require in-depth planning by the affected departments and policy and budget decisions by the City Council.

			Timeline		
No.	Recommendation	Pri-	to	Responsi-	Cost
		ority	Initiate	bility	
	Cross-dep	artment	al Recommend	dations	
1. 0	Implement automated permitting & project tracking in all divisions. Provide tech support and training	1	Underway	Community Development Direc- tor/Public Works Di- rector	No additional capital cost for CDD. \$50,000 cost for PW is budgeted in current year. Minimal cost for
					BAHS training.

			Timeline		
No.	Recommendation	Pri-	to	Responsi-	Cost
		ority	Initiate	bility	
1.	Acquire capability to provide online access for issuance of simple permits, for inspection requests and to provide access to project status	2	Within 3 years. (Depends on avail- ability of reli- able software)	Community Development Director/Public Works Director	IVR system in place for inspection requests by phone. Capital cost for expermitting, incl. project status approx. \$125,000. Maint. cost \$6,000 per
1.	Acquire capability to integrate GIS with the permitting system	2	FY 2003- 04	Public Works Di- rector	yr. Capital cost approx. \$10,000. Annual maint. cost un- known
2.	Work toward creation of a one-stop permit-ting center housing all development review departments	3	FY2007-08	City Man- ager/ City Council	Unknown
2.	Assign Engineering representative to City Hall part-time	1	FY 2002- 03	Public Works Di- rector	Minimal cost
3.	Obtain expedited processing for economically important projects through the Econ. Dev. Coordinating Group and division managers	1	Immediate	BAHS Director/Community Development Director/Public Works Director	No cost
3.	Document schedules for expedited processing of economically important projects	1	Immediate	BAHS Director/Division Managers	No Cost

			Timeline		
No.	Recommendation	Pri- ority	to Initiate	Responsi- bility	Cost
	Fill Senior Planner vacancy and fund half- time contract planner	1	FY 2002- 03	Community Development Director	Sr. Planner \$93,000 in current budget. Half-time contract planner approx. \$40,000
5.	Upgrade performance standards and improve performance measure- ment for development review in Planning	1	FY 2002- 03	Planning Manager	No cost
5.1	Begin routing applications within two work days	1	Underway	Planning Manager	No cost
	Establish timelines for initial reviews and re-submittal reviews	1	Immediate	Planning Manager	No cost
5.3	Comply with recom- mended timelines for building plan check review	1	When staffing allows	Planning Manager	Staffing costs shown in 3.0
5.4	Use Tidemark system to alert for deadlines and measure develop- ment review perform- ance in Planning	1	FY 2002- 03	Planning Manager	No addi- tional cost (sys- tem is be- ing imple- mented)
	Track re-submittals in Planning and review when more than one is required	1	FY 2002- 03	Planning Manager	No cost
5.6	Clarify customer ser- vice policies and no- tify applicants	1	Immediate	Planning Manager	No cost
	Document meeting results in writing	1	Underway	Planning Manager	No cost
	Base Architectural and Site Review on defini- tive standards	1	Underway	City Coun- cil/ ARB/Comm. Dev. Direc- tor	ARB hand- book and design re- view ord. underway. Added cost \$4,000
6.2	Cite specific stan- dards for architec- tural and site design requirements	1	Immediate	ARB/Plannin g Manager	No cost

			Timeline		
No.	Recommendation	Pri-	to	Responsi-	Cost
		ority	Initiate	bility	
6.3	Forward non-compliant	1	Underway	Planning	No cost
	project designs with-		_	Manager	
	out delay to ARB for				
	disposition				
6.4	Reconsider use of	2	FY 2002-	Community	Can be in-
	City-initiated PUD re-		03	Development	cluded in
	zoning to control de-			Director	zoning or-
	sign of commercial de-				dinance up-
	velopments				date. No
					added cost.
7.0	Consider changes to	2	FY 2003-	City Coun-	Possible
	Measure P to reduce		04	cil/ Voters	cost re-
	processing time and				duction
	staff workloads				
8.1	Negotiate blanket con-	1	FY 2002-	Planning	No cost
	tracts with consult-		03	Man-	
	ants for environmental			ager/City	
	review			Council	
8.2	Phase out multiple	1	FY 2002-	Planning	No cost
	files for a single		03	Manager	
	project				
	Engineerin	g Divis:	ion Recommer	ndations	
9.1	Reduce processing time	1	FY 2002-	Public	Minimal
	goals for initial sub-		03	Works Di-	cost
	mittals in Engineering			rector	
	to 6 weeks				
9.2	Comply with recom-	1	FY 2002-	Public	Minimal
	mended timelines for		03 (De-	Works Di-	Cost
	building plan check		pends on	rector	
	review		2.1)		
9.3	Use Tidemark system to	1	FY 2002-	Public	No cost
	alert for deadlines		03 (De-	Works Di-	
	and measure develop-		pends on	rector	
	ment review perform-		1.0)		
	ance in Engineering				
9.4	Track re-submittals in	1	FY 2002-	Public	No cost
	Engineering and review		03	Works Di-	
	when more than two are			rector	
	required				
9.5	Clarify customer ser-	1	Immediate	Public	No cost
	vice policies and no-			Works Di-	
	tify applicants			rector	
9.6	Document meeting re-	1	Immediate	Public	No cost
	sults in writing			Works Di-	
1.0		-		rector	201 1 2
10.	Develop fast-track	1	FY 2002-	Public	Minimal
0	processing procedures		03	Works Di-	cost
	in Engineering for			rector	
	simple projects	<u> </u>		<u> </u>	L
Building Division Recommendations					

			Timeline		
No.	Recommendation	Pri- ority	to Initiate	Responsi- bility	Cost
11.	Define plan check timelines for differ- ent project types in Building	1	Immediate	Chief Building Official	No cost
11.	Route building plans to other divisions within 2 work days	1	Immediate	Chief Building Official	No cost
11.	Eliminate unnecessary routing of building plans to other divisions	1	FY 2002- 03	Chief Building Official	No cost
11.4	Do in-house plan check for all building plans with a recommended plan check goal < 5 days	2	FY 2003- 04 Depends on imple- mentation of No. 13	Chief Building Official	Possible cost reduction.
11.	Track review times for all units involved in plan check process and prepare reports	1	FY 2002- 03	Chief Building Official	Minimal cost
12.	Respond to 95% of building inspection requests within 1 work day and all within 2 days	1	Ongoing	Chief Building Official	No cost
13.	Create a full-time position for a building maintenance supervisor	2	FY 2003- 04	Community Development Director	Unknown. Much of cost should be offset by savings in contract services
	Reclassify one exist- ing building inspector position to a senior building inspector position	2	FY 2003- 04	Community Development Director	Added cost approx. \$10,000 per year
15.	Develop more detailed application brochures for most common types of plan checks	1	FY 2003- 04	Chief Building Official	Minimal cost

### APPENDIX A

Sample Plan Check Brochure

# City of Morgan Hill Building Division

17555 Peak Avenue, Morgan Hill, California 95037 Telephone: 408-779-7241 • Fax: 408-779-7236

### **Commercial & Industrial Tenant Improvements**

### **Submittal Requirements**

Project Address:	Date:
In order to process and expedite your requiplicable items listed below and include this C	est for a Building Permit, please submit the ap- Checklist in your submittal.
SECTION 1: Five (5) complete sets of drawi	ngs, minimum 17 inches x 22 inches in size
A. Architectural Submittal Requirements.	
1. Site Plan:	
a. Must show site plan, vicinity map	
b. Define a brief "Scope of Work" t	•
cupant class.	action type, square footage, sprinklers, and oc-
2. Floor Plan:	
· · · · · · · · · · · · · · · · · · ·	e, manufacturing, etc.), exiting paths and cor-
`	r use patterns), door and window schedules
and hardware.	he building where the permit activity is occur-
ring.	the building where the permit activity is occur-
c. If applicable, define areas for den	nolition and label appropriately.
	d with full-building floor plan: identifying re-
lationship with roof structure, ceiling	<b>O</b> ,
e. Show occupant load of each spac	e.
3. Elevations:	
a. Exterior elevations are required v	<u> </u>
b. Additional elevations may be req	f new A/C equipment in respect to roof screen
or parapet.	Thew A/C equipment in respect to root screen
	or new construction and renovation work when
ceiling is being modified.	Thew constituents and renovation work when
5. Title 24 Accessibility Standards. Retion/alterations per the standards.	equired for new construction and renova-
_	able, all submittals must comply with current
regulations.	aoie, an suomittais must compry with current

B. Structural Submit	tal Requirements.
1. Structural De	etails and Plans:
a. Identify ar	ea of work by specifically highlighting the area and enlarging if re-
quired.	
_	et-stamped by State of California licensed engineer.
_	alculations. Two sets of wet-stamped and wet-signed calculations re-
quired.	
C. Electrical Submitt	cal Requirements.
1. Main Power	Distribution Plan.
2. Schematic O	One-Line Diagram.
3. Panel Sched	ules and Load Calculation.
4. Electrical Fl	oor, Ceiling, Roof and Equipment Power Plans.
D. Mechanical/Pluml	bing Submittal Requirements.
_	ribution and Layout.
2. New Mechan	ical Equipment:
_	escriptions, equipment schedules including equipment weights.
b. Cross-sect	ion for HVAC, and roof screen
3. Roof Plan: Sl	how location of new equipment, roof screen, and drainage.
SECTION 2: Form	Submittals
☐ Sewer Needs Qu	uestionnaire; submit the original plus 1 copy.
<u> </u>	terials Disclosure Form.
=	Information; submit 2 sets of reports.
1. Title 24 e	nergy conservation requirements will apply with new changes to the
	y: Envelope, Mechanical and Electrical.
	equirements will include Applicable Reports and Mandatory Meas-
_	ed Compliance Statements, Specifications and Mandatory Measures reporated onto the plans.
_	
sary for food se	<b>Department Approval;</b> Phone 408-xxx-xxxx. Prior approval neceservice
_	Approval; Phone 408-xxx-xxxx. Prior approval necessary for con-
_	er waste discharge to public system.
_	ouse Applications:
	st of materials to be stored within area.
2. Provide a	general layout of the storage/warehouse area.
☐ Equipment Cer	tification.
	ctrical equipment requires testing and certification by an approved
testing agency	prior to installation.

SECTION 3: Hazardous Materials or Hazardous Waste
☐ Industrial Wastewater Discharge Application; From Public Works Industrial Waste Pre-Treatment
☐ Hazardous Material Storage Permit Application for New Business; From the Santa Clara County Fire Department. Include 2 copies of your Hazardous Materials Business Plan
☐ Hazardous Material Inventory Statement including Key Location Map
☐ Layout of Production, Manufacturing or Assembly Areas and Description of Process.
NOTES:
1. All drawings and calculations must be signed by design professionals as required by the California Business & Professional Code.
2. If one or more required items are not submitted, the application will be considered incomplete and will not be processed.
3. Building permits may only be issued to Building Owner or a Licensed Contractor. A Building Owner, who acts as General Contractor and hires non-licensed help to do the work, must provide Worker's Compensation Insurance. Proof of insurance is required prior to permit issuance. A tenant who does the work with their own employees and does not hire outside help may work under the permit issued to the Building Owner and must provide a letter of acceptance of responsibility from the Building Owner. A sample of the format for this letter is available at the Public Services Counter.
SIGNATURE:
I have read the above information and have submitted all the required information.
Print Name: Telephone Number:
Signature:



## CITY COUNCIL STAFF REPORT

### MEETING DATE: SEPTEMBER 18, 2002

#### STATUS REPORT ON BUS SHELTERS

**RECOMMENDED ACTION:** Informational report only at this time.

**EXECUTIVE SUMMARY:** Council recently directed staff to report on the status of bus shelters in the City and look into possible grant funding for additional shelters. In January 2001, Council also approved the General Plan for the City of Morgan Hill. Action item 6.5 of GOAL #6 of the General Plan, states: "Work with

the VTA to install enclosed bus shelters or benches at major bus stops". In addition, policy 6d of GOAL #6, states: "Make existing and future commuter bus service convenient and accessible."

Agenda Item # 19 Prepared By: Associate Engineer Approved By: **Public Works Director Submitted By:** 

City Manager

In 1997 the City joined the VTA and most other cities in the County in a VTA sponsored transit shelter/advertising program. The City is a participating agency in the existing agreement with VTA/Clear Channel and has four shelters installed and maintained via the VTA/Clear Channel agreement. Those shelters are located at: Monterey/Dunne, Monterey/Tennant, and two on E. Main Avenue. Three of the shelters currently have advertising, which generate a total of \$900 annually to the City. The large benefit with this program is that the City incurs no construction nor maintenance expenses. It is estimated that each shelter, including a bench, would cost \$12,000 to purchase and install. The VTA Board of Directors recently authorized the expansion of the program in which it contracts with Clear Channel to install and maintain the shelters at no cost to the local agencies (see attached 7/9/02 VTA memo). The expanded program will provide 4 to 6 new shelters in our City. In return, Clear Channel sells advertising space on the shelters. Each participating agency is allowed to designate 25% of its shelters as "non-advertising", similar to the shelter located adjacent to the Community and Cultural Center on Monterey.

An option would be to apply for grant funds. The VTA will be accepting applications for TFCA (40%) funding in February 2003. The City could apply for up to \$100,000 for shelters under the "Smart Growth" project category for TCFA funding with major emphasis on increasing transit use along high volume transit corridors and or connection to multi-modal transit systems, such as Caltrain. Competition for grant funds is becoming increasingly difficult and there's no guarantee the City will receive the funds. This option would also require the City to maintain the shelters.

Staff recommends that the most economical approach of obtaining bus shelters is to amend the existing agreement with the VTA and Clear Channel when requested to do so by the VTA. VTA estimates they will send contract amendments to the Cities in the next two months and begin installing the additional shelters early in 2003.

For existing bus stop locations and routes, see attached Exhibit A.

#### **FISCAL IMPACT:**

No budget impact at this time.



# CITY COUNCIL STAFF REPORT MEETING DATE: September 18, 2002

## STATUS REPORT ON IMPLEMENTATION OF THE CITY'S BIKEWAYS MASTER PLAN

**RECOMMENDED ACTION(S):** No action required, information only at this time.

Agei	ıda Iter	n #	20
Prep	ared B	y:	
Deni	uty Dire	ector	of PW
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App	roved B	y.	
	ic Wor	ks D	irector
	nitted I		

City Manager

EXECUTIVE SUMMARY: The City adopted a Bikeways Master Plan in January 2001 which conforms with our General Plan, the County of Santa Clara Trails Master Plan, the Santa Clara Countywide Bicycle Plan, the Valley Transportation Authority's Bicycle Technical Guidelines, and the Caltrans Highway Design Manual. The Bikeways Master Plan includes an inventory and evaluation of the existing cycling conditions and a bikeway system map that best connects residential areas, commercial and employment centers, community facilities, schools, parks, and regional trails. The Plan sets priorities for the City and identifies the most practical methods for implementing the plan, including potential funding sources. Aside from providing guidance for bikeway planning and construction, the major benefit of having the Bikeways Master Plan is that it enables the City to qualify for various grant funding opportunities.

The buildout of the City's bikeway system as envisioned in the Bikeways Master Plan will occur primarily as the new roadways are built and existing ones are widened either through the development process or the Capital Improvement Program (CIP). In the Bikeways Master Plan it is estimated that the total City construction cost for the bikeways will be approximately \$7,000,000, not counting any costs to purchase additional right-of-way. The largest obstacle to implementing the Plan, other than funding, is the irregular City boundaries that results in key portions of many proposed bikeways being located outside our jurisdiction or in undeveloped areas. Despite this, staff has had success at implementing the Bikeways Master Plan through various grants and Redevelopment Agency assistance in the CIP program.

For the Council's information, attached is a status report on the implementation of the Bikeways Master Plan that was submitted to the Bicycle and Trails Advisory Committee (BTAC) on September 12, 2002. The BTAC meets once per month and provides guidance to staff for prioritizing trails and bikeway issues, and assistance with implementing the Master Plan. (See attached BTAC charter for the role of BTAC in implementation of the BMP). BTAC is officially a sub-committee of the Parks and Recreation Commission (PRC) and reports via PRC to City Council. Staff will be working with BTAC via the PRC on recommended funding for the 03/04 CIP to fund our highest priority bikeway projects.

#### **FISCAL IMPACT:**

No Fiscal Impact. This is an informational report only at this time.



#### CITY COUNCIL STAFF REPORT

**MEETING DATE:** September 18, 2002

#### Agenda Item # 21

Prepared By:

Community

**Development Director** 

**Submitted By:** 

City Manager

### **Community and Cultural Center Naming**

**RECOMMENDED ACTION(S):** Select appropriate names for the

Community and Cultural Center campus, buildings, and rooms.

**EXECUTIVE SUMMARY:** At its July 31<sup>st</sup> meeting, the City Council considered potential names for the Community and Cultural Center. Attached is the memo accompanying that staff report which suggested several alternative naming themes for the facility (Attachment 1). The minutes of the July 31st meeting indicate that there was general agreement on appropriate names for the campus, buildings and most of the rooms and spaces. A copy of those minutes is also attached (Attachment 2). The preferences expressed at the meeting were as follows:

Morgan Hill Community & Cultural Center Campus:

Buildings: Community Center

Gavilan College Satellite Campus (or alt. approved by Gavilan)

Community Playhouse Children's Pavilion

**Individual Rooms:** 

Large Multi-Purpose Room: Hiram Morgan Hill Room

Octagonal Room: El Toro Room Dance Room: Valley Oak Room Fine Arts Room: Henry Coe Room Sycamore Room Ceramics Room: Poppy Jasper Room Conference Room:

Madrone Room or Isola Kennedy Room Multi-Purpose Meeting Room: Rose Garden: Diana Murphy Rose Garden (undecided)

Amphitheater (undecided)

It was suggest that a final decision regarding the names occur at the Mayor's hard hat tour of the facility on August 2<sup>nd</sup>. No agreement was reached at that time. Subsequent to that meeting, staff received a recommendation from Council member Tate for naming the various rooms in the Center. That recommendation is included as Attachment 3.

As staff has begun promoting and booking the facility, it is becoming important for names to be assigned to the Center and its various components. Selection of names from the alternatives presented is recommended.

FISCAL IMPACT: None



# CITY COUNCIL STAFF REPORT

## MEETING DATE: September 18, 2002

### REVIEW UPCOMING MEETING SCHEDULE FOR **OCTOBER 2, 2002**

Agenda	Item	#	22	

Prepared By:

**Council Services & Records Manager** 

**Submitted By:** 

City Manager

#### **RECOMMENDED ACTION:**

Council **Discussion** and **Direction** regarding cancellation of the October 2, 2002 City Council Meeting.

#### **EXECUTIVE SUMMARY:**

At the meeting of July 26, 2002, staff inquired whether the City Council would like to cancel its October 2, 2002 meeting in order to afford the Council the ability to attend the League of California Cities Annual Conference to be held Wednesday, October 2 through Saturday, October 5, 2002 in Long Beach. The Council agreed to keep its scheduled meeting of October 2, directing that staff keep that agenda light as the majority of the Council indicated that they would attend the Conference commencing Thursday, October 3.

Mayor Pro Tempore Carr is requesting City Council reconsider its decision to hold a meeting on October 2, 2002. Based upon Council direction regarding the October 2 meeting, public hearing items/notifications can be adjusted accordingly.

**FISCAL IMPACT:** The time necessary to prepare this staff report is accommodated in the Council Services & Records Manager's operating budget.



# CITY COUNCIL STAFF REPORT MEETING DATE: SEPTEMBER 18, 2002

Agenda	Item #	23

Prepared By:

**Deputy City Clerk** 

Approved By:

City Clerk

**Submitted By:** 

City Manager

#### **ADOPT ORDINANCE NO. 1583, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA-02-02: COCHRANE-COYOTE ESTATES FOR APPLICATION MP 01-02: COCHRANE-COYOTE ESTATES (APN 728-43-020)

**RECOMMENDED ACTION(S):** Motion to Adopt Ordinance No. 1583, New Series.

#### **EXECUTIVE SUMMARY:**

On September 4, 2002, the City Council Introduced Ordinance No. 1583, New Series, by the Following Roll Call Vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

**FISCAL IMPACT:** None. Filing fees were paid to the City to cover the cost of processing this application.

#### **ORDINANCE NO. 1583, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA-02-02: COCHRANE-COYOTE ESTATES FOR APPLICATION MP 01-02: COCHRANE-COYOTE ESTATES (APN 728-43-020)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 3.** Pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, 6 building allotments were awarded to application MP 01-02: Cochrane-Coyote Estates for fiscal year 2003-2004; and

Project Total Dwelling Units
MP 01-02: Cochrane-Coyote Estates 6 building allotments

**SECTION 4.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 5.** The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

**SECTION 8.** Effective Date Publication. This ordinance shall take effect from and after thirty (30)

City of Morgan Hill Ordinance No. 1583, New Series Page - 2 -

days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the  $4^{th}$  Day of September, 2002 and was finally adopted at a regular meeting of said Council on the  $18^{th}$  Day of September, 2002 and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSENT: ABSTAIN:	<b>COUNCIL MEMBERS:</b>	
ATTEST:		APPROVED:
Irma Torrez, City Clerk		Dennis Kennedy, Mayor
	<b>CERTIFICATE</b>	OF THE CITY CLERK
CALIFORN 1583, New Se	IIA, do hereby certify that the fo	ERK OF THE CITY OF MORGAN HILL, pregoing is a true and correct copy of Ordinance No. I of the City of Morgan Hill, California at their regular 2002.
WIT	NESS MY HAND AND THE S	SEAL OF THE CITY OF MORGAN HILL.
DATE:		
		IRMA TORREZ, City Clerk



### REDEVELOPMENT AGENCY/CITY COUNCIL STAFF REPORT

**MEETING DATE:** September 18,2002

### DRAFT ECONOMIC DEVELOPMENT STRATEGY GOALS, POLICIES, AND ACTIONS

**RECOMMENDED ACTION(S)**: Discuss the draft Economic Development Strategy Goals, Policies, and Actions (Strategy), and 2) Direct staff how to proceed (e.g., schedule workshop, modify and finalize Strategy).

Agenda Item # 24			
Approved By:			
BAHS Director			
Submitted By:			
Executive Director			

**EXECUTIVE SUMMARY**: On August 28, 2002, the City Council/Redevelopment Agency held a workshop to discuss the City's overall Economic Development Strategy (EDS). At the conclusion of the workshop, staff was directed to return with economic development goals, and policies, and activities based on the Council discussions.

Attached are the draft goals, policies, objectives for the EDS. The document also includes an "Options/Issues to Consider" section for each goal which highlights issues/options to discuss related to key action items. The document is meant to serve as baseline for Council discussions by which to add, delete, move, and/or modify the goals, policies, actions, and options/issues. We recognize that the document may have gaps or inconsistencies, and that all the policies do not necessarily have an action associated with it. However, our intent was to show the relationship between more global goals and the policies and actions by which we would implement the goals.

You'll note that several goals, policies, and/or actions are italicized. This indicates they are from the adopted general plan. In most cases, they are listed in verbatim. The non-italicized goals, policies, and actions were based on discussions from the workshop or were those policies and activities which were rated or ranked highly in the City Council questionnaire.

The next step in the process is to discuss the EDS and direct staff on how to proceed. You may recall that the Council initially determined that a clear and focused economic development strategy needed to be developed before limited ED resources should be allocated to staffing and other services. Without a EDS in place, the Council could not properly evaluate alternatives available such as the Chamber's Economic Development and Tourism Marketing Plan. The Council could decide that the draft goals and policies for the EDS are sufficient for the Council to evaluate the Chamber's Marketing Plan. Based on the Council's evaluation, it could in the future decide to:

- Direct staff to work with the Chamber to modify the proposal based on the goals and policies of the EDS.
- Fund all or a portion of the Chamber's Marketing Plan.
- Maintain the current funding level for Chamber activities.

Should the EDS not reflect the Council's expectations, staff is seeking direction from the Council as to how to best proceed with doing this.

**FISCAL IMPACT:** An adopted EDS will dictate priorities for the future use of economic development funds. Based on funds already committed, budgeted, or expended, staff estimates about \$4.3M remain for economic development activities over the life of the Redevelopment Plan.